

Japan Display Inc.
Consolidated Financial Statements
March 31, 2018

Japan Display Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2017 and 2018

(1) Consolidated Balance Sheets

(¥ in millions, US\$ in thousands)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
<u>Assets</u>	¥	¥	\$
Current assets:			
Cash and deposits (Note 6)	82,247	80,866	761,163
Accounts receivable - trade (Note 6)	128,636	82,863	779,960
Allowance for doubtful accounts	(182)	(167)	(1,572)
Merchandise and finished goods (Note 8)	32,318	17,427	164,044
Work in process (Note 8)	51,764	27,381	257,737
Raw materials and supplies (Note 8)	16,815	13,358	125,744
Accounts receivable - other (Note 6)	91,999	42,766	402,541
Deferred tax assets (Note 14)	7,757	255	2,410
Other	6,804	6,283	59,140
Total current assets	418,159	271,035	2,551,167
Property, plant and equipment:			
Land (Note 18)	14,392	14,238	134,027
Building and structures (Note 18)	229,185	224,396	2,112,161
Machinery, equipment and vehicles (Note 18)	566,766	541,270	5,094,785
Lease assets (Note 15)	74,352	24,150	227,325
Construction in progress (Note 18)	54,781	28,940	272,412
Other (Note 18)	58,702	48,845	459,770
	998,180	881,843	8,300,480
Less: accumulated depreciation	(550,596)	(580,041)	(5,459,723)
Total property, plant and equipment	447,584	301,801	2,840,757
Intangible assets:			
Goodwill	15,903	13,832	130,205
Other (Note 18)	8,680	5,148	48,456
Total intangible assets	24,584	18,981	178,661
Investments and other assets			
Investment securities (Notes 6 and 18)	19,915	12,253	115,343
Net defined benefit asset	47	-	-
Deferred tax assets (Note 14)	911	527	4,960
Other	6,646	13,571	127,740
Allowance for doubtful accounts	(2,218)	(3,478)	(32,747)
Total investments and other assets	25,302	22,873	215,296
Total assets	915,631	614,692	5,785,881

See the accompanying notes to these consolidated financial statements

Japan Display Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2017 and 2018

	(¥ in millions, US\$ in thousands)		
	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
<u>Liabilities</u>	¥	¥	\$
Current liabilities:			
Accounts payable - trade (Note 6)	201,016	117,830	1,109,093
Short-term loans payable (Notes 6 and 18)	25,700	99,082	932,624
Lease obligations (Notes 6 and 15)	20,519	13,980	131,598
Income taxes payable	2,653	943	8,876
Provision for bonuses	5,521	4,596	43,270
Advances received (Note 18)	179,397	128,288	1,207,540
Other	34,732	59,461	559,695
Total current liabilities	469,540	424,183	3,992,696
Bonds with subscription rights to shares (Note 6)	45,000	45,000	423,569
Long-term loans payable (Notes 6 and 18)	30,000	30,000	282,380
Net defined benefit liability (Note 9)	27,408	24,063	226,497
Lease obligations (Notes 6 and 15)	13,980	0	0
Other	2,616	9,398	88,469
Total non-current liabilities	119,005	108,462	1,020,915
Total liabilities	588,546	532,646	5,013,611

See the accompanying notes to these consolidated financial statements

Japan Display Inc. and Subsidiaries
Consolidated Balance Sheets
March 31, 2017 and 2018

	(¥ in millions, US\$ in thousands)		
	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
<u>Net assets (Note 10)</u>	¥	¥	\$
Shareholders' equity			
Capital stock	96,863	96,863	911,738
Capital surplus	256,386	213,648	2,010,994
Retained earnings	(28,788)	(233,281)	(2,195,793)
Total shareholders' equity	324,461	77,229	726,939
Deferred gains or losses on hedges	(42)	-	-
Foreign currency translation adjustment	9,368	10,838	102,014
Remeasurements of defined benefit plans	(8,927)	(7,731)	(72,778)
Total accumulated other comprehensive income	398	3,106	29,236
Share acquisition rights	45	47	442
Non-controlling interests	2,179	1,662	15,653
Total net assets	327,085	82,046	772,270
Total liabilities and net assets	915,631	614,692	5,785,881

See the accompanying notes to these consolidated financial statements

Japan Display Inc. and Subsidiaries
Consolidated Statement of Income
For the Year Ended March 31, 2017 and 2018

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(¥ in millions, US\$ in thousands)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
	¥	¥	\$
Net sales	884,440	717,522	6,753,784
Cost of sales (Notes 8 and 13)	816,035	720,152	6,778,539
Gross profit (loss)	68,405	(2,629)	(24,755)
Selling, general and administrative expenses (Notes 12 and 13)	49,902	59,119	556,467
Operating profit (loss)	18,502	(61,749)	(581,222)
Non-operating income			
Interest income	85	124	1,177
Subsidy income	2,526	1,426	13,422
Rent income	560	500	4,716
Fiduciary obligation fee	1,118	1,695	15,964
Other	2,613	790	7,436
Total non-operating income	6,905	4,538	42,715
Non-operating expenses			
Interest expenses	2,761	2,511	23,645
Share of loss of entities accounted for using equity method	2,094	14,162	133,311
Foreign exchange losses	11,211	3,219	30,309
Depreciation	7,915	9,903	93,213
Other	10,296	6,649	62,585
Total non-operating expenses	34,279	36,447	343,065
Ordinary profit (loss)	(8,871)	(93,658)	(881,572)
Extraordinary losses			
Business structure improvement expenses (Notes 8 and 20)	-	142,260	1,339,053
Provision of allowance for doubtful accounts (Note 19)	-	1,467	13,818
Impairment loss	744	-	-
Early extra retirement payments	1,620	-	-
Total extraordinary losses	2,365	143,728	1,352,866
Income (loss) before income taxes	(11,236)	(237,386)	(2,234,441)

Japan Display Inc. and Subsidiaries
Consolidated Statement of Income
For the Year Ended March 31, 2017 and 2018

(¥ in millions, US\$ in thousands)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
Income taxes-current (Note 14)	2,755	2,734	25,743
Income taxes-deferred (Note 14)	16,837	7,124	67,056
Total income taxes	19,593	9,858	92,799
Net income (loss)	(30,830)	(247,245)	(2,327,240)
Less: net income (loss) attributable to non-controlling interests	834	(14)	(141)
Net income (loss) attributable to owners of the parent	(31,664)	(247,231)	(2,327,099)

(Consolidated Statements of Comprehensive Income)

(¥ in millions, US\$ in thousands)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
	¥	¥	\$
Net income (loss)	(30,830)	(247,245)	(2,327,240)
Other comprehensive income			
Deferred gains or losses on hedges	(42)	42	395
Foreign currency translation adjustment	(3,782)	1,459	13,742
Remeasurements of defined benefit plans, net of tax	(1,666)	1,195	11,258
Total other comprehensive income (Note 5)	(5,491)	2,698	25,395
Total comprehensive income	(36,321)	(244,547)	(2,301,845)
Comprehensive income attributable to non-controlling interests	809	(23)	(226)
Comprehensive income attributable to owners of the parent	(37,131)	(244,523)	(2,301,619)

See accompanying notes to these consolidated financial statements

Japan Display Inc. and Subsidiaries
Consolidated Statement of Changes in Net Assets
For the Year Ended March 31, 2017 and 2018

(3) Consolidated Statements of Changes in Net Assets

(¥ in millions, US\$ in thousands)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
	¥	¥	\$
Capital stock			
Beginning balance	96,863	96,863	911,738
Changes during the year			
Total changes during the year	-	-	-
Ending balance	96,863	96,863	911,738
Capital surplus			
Beginning balance	257,040	256,386	2,413,281
Changes during the year			
Deficit disposition	-	(42,738)	(402,287)
Change in ownership interest of the parent due to transactions with non-controlling interests	(653)	-	-
Total changes during the year	(653)	(42,738)	(402,287)
Ending balance	256,386	213,648	2,010,994
Retained earnings			
Beginning balance	3,379	(28,788)	(270,981)
Changes during the year			
Changes of scope of equity method	(503)	-	-
Deficit disposition	-	42,738	402,287
Net income (loss) attributable to owners of the parent	(31,664)	(247,231)	(2,327,099)
Net changes during the year	(32,168)	(204,492)	(1,924,812)
Ending balance	(28,788)	(233,281)	(2,195,793)

Japan Display Inc. and Subsidiaries
Consolidated Statement of Changes in Net Assets
For the Year Ended March 31, 2017 and 2018

	(¥ in millions, US\$ in thousands)		
	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
Total shareholders' equity			
Beginning balance	357,283	324,461	3,054,038
Changes during the year			
Change of scope of equity method	(503)	-	-
Deficit disposition	-	-	-
Net income (loss) attributable to owners of the parent	(31,664)	(247,231)	(2,327,099)
Change in ownership interest of the parent due to transactions with non-controlling interests	(653)	-	-
Total changes during the year	(32,822)	(247,231)	(2,327,099)
Ending balance	324,461	77,229	726,939

Japan Display Inc. and Subsidiaries
Consolidated Statement of Changes in Net Assets
For the Year Ended March 31, 2017 and 2018

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
Accumulated other comprehensive income			
Deferred gains or losses on hedges			
Beginning balance	-	(42)	(395)
Net changes of items other than shareholders' equity	(42)	42	395
Ending balance	(42)	-	-
Foreign currency translation adjustment			
Beginning balance	13,126	9,368	88,187
Net changes of items other than shareholders' equity	(3,757)	1,469	13,827
Ending balance	9,368	10,838	102,014
Remeasurements of defined benefit plans			
Beginning balance	(7,260)	(8,927)	(84,036)
Net changes of items other than shareholders' equity	(1,666)	1,195	11,258
Ending balance	(8,927)	(7,731)	(72,778)
Total accumulated other comprehensive income			
Beginning balance	5,865	398	3,756
Net changes of items other than shareholders' equity	(5,466)	2,707	25,480
Ending balance	398	3,106	29,236
Share acquisition rights			
Beginning balance	18	45	433
Net changes of items other than shareholders' equity	27	1	9
Ending balance	45	47	442
Non-controlling interests			
Beginning balance	2,082	2,179	20,510
Net changes of items other than shareholders' equity	96	(516)	(4,857)
Ending balance	2,179	1,662	15,653
Total net assets			
Beginning balance	365,249	327,085	3,078,737
Change of scope of equity method	(503)	-	-
Deficit disposition	-	-	-
Net income (loss) attributable to owners of the parent	(31,664)	(247,231)	(2,327,099)
Change in ownership interest of the parent due to transactions with non-controlling interests	(653)	-	-
Net changes of items other than shareholders' equity	(5,342)	2,192	20,632
Total changes during the year	(38,164)	(245,038)	(2,306,467)
Ending balance	327,085	82,046	772,270

Japan Display Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2017 and 2018

(4) Consolidated Statements of Cash Flows

(¥ in millions, US\$ in thousands)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
	¥	¥	\$
Cash flows from operating activities			
Income (loss) before income taxes	(11,236)	(237,386)	(2,234,441)
Depreciation	87,869	89,169	839,317
Amortization of goodwill	2,379	2,070	19,494
Increase (decrease) in allowance for doubtful accounts	(58)	1,302	12,265
Impairment loss	744	-	-
Subsidy income	(2,526)	(1,426)	(13,432)
Loss on reduction of non-current assets	395	669	6,306
Business structure improvement expenses	-	142,260	1,339,053
Interest expenses	2,761	2,511	23,645
Foreign exchange losses (gains)	3,318	3,370	31,730
Increase (decrease) in net defined benefit liability	(3,344)	(2,141)	(20,153)
Share of loss (profit) of entities accounted for using equity method	2,094	14,162	133,311
Decrease (increase) in notes and accounts receivable - trade	(50,292)	42,996	404,716
Decrease (increase) in inventories	11,236	42,550	400,508
Increase (decrease) in notes and accounts payable - trade	59,880	(82,305)	(774,708)
Decrease (increase) in accounts receivable-other	(34,457)	50,690	477,137
Increase (decrease) in accounts payable-other	(7)	3,386	31,871
Increase (decrease) in accrued expenses	560	(14,407)	(135,617)
Decrease (increase) in consumption taxes refund receivable	105	(206)	(1,939)
Increase (decrease) in advances received	47,507	(51,108)	(481,071)
Other, net	97	(749)	(7,060)
Interest and dividend income received	121	125	1,186
Interest expenses paid	(2,792)	(2,500)	(23,532)
Income taxes paid	(2,788)	(3,829)	(36,050)
Income taxes refunded	435	38	367
Net cash provided by (used in) operating activities	112,004	(754)	(7,097)

Japan Display Inc. and Subsidiaries
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2017 and 2018

(¥ in millions, US\$ in thousands)

	Mar. 31, 2017	Mar. 31, 2018	Mar. 31, 2018
Cash flows from investing activities			
Purchase of non-current assets	(133,412)	(49,494)	(465,879)
Proceeds from sales of non-current assets	7,139	3,021	28,444
Purchase of investment securities	(19,750)	(6,500)	(61,182)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(1,289)	(12,142)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,281	-	-
Proceeds from subsidy income	2,126	1,026	9,667
Other, net	22	74	697
Net cash provided by (used in) investing activities	(142,592)	(53,161)	(500,395)
Cash flows from financing activities			
Net increase in short-term loans payable	25,081	73,383	690,738
Proceeds from long-term loans payable	30,000	-	-
Repayment of long-term loans payable	(8,671)	-	-
Proceeds from issuance of bonds	45,000	-	-
Repayment of lease obligations	(35,772)	(20,519)	(193,148)
Proceeds from sales and leasebacks	1,503	-	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,478)	-	-
Net cash provided by (used in) financing activities	55,663	52,864	497,590
Effect of exchange rate change on cash and cash equivalents	2,094	(329)	(3,097)
Net increase (decrease) in cash and cash equivalents	27,170	(1,381)	(12,999)
Cash and cash equivalents at beginning of period	55,077	82,247	774,162
Cash and cash equivalents at end of period	82,247	80,866	761,163

See accompanying notes to these consolidated financial statements

Japan Display Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization

Japan Display Inc. (“JDI”) was established in September 2012 for the purpose of acquiring small- and medium-size display business from Sony Corporation, Toshiba Corporation and Hitachi Ltd. The acquisitions were completed on March 30, 2012, and JDI commenced its manufacturing and distributing operation of small- and medium-size display. JDI listed on the 1st section of the Tokyo Stock Exchange in March 2014. JDI is 35.58% owned by Innovation Network Corporation of Japan, and remaining ownership interests in JDI are owned by JDI’s officers and employees and other investors as of March 31, 2018.

2. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of JDI and its subsidiaries have been prepared in accordance with the provision set forth in the Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain significant respects as to application and disclosure requirements of accounting principles generally accepted in the United States and International Financial Reporting Standards.

The accompanying consolidated financial statements have been compiled and translated into English with some expanded descriptions from the statutory Japanese language consolidated financial statements prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. Certain supplementary information included in the statutory Japanese language consolidated financial statements, which is a voluntary disclosure, is not presented in the accompanying consolidated financial statements.

The translations of the Japanese yen amounts into U.S. dollars in the accompanying consolidated financial statements are included solely for the convenience of readers outside Japan, using the prevailing exchange rate on March 31, 2018 which was 106.24 JPY to 1 US Dollar.

3. Summary of Significant Accounting Policies

1) *Principle of Consolidation*

The accompanying consolidated financial statements include the accounts of JDI and its majority owned subsidiaries (collectively, the Company). All significant intercompany balances and transactions have been eliminated in consolidation. The Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting.

i) Consolidation

- ① Number of consolidated subsidiaries : 16

Japan Display Inc. and Subsidiaries

Notes to Consolidated Financial Statements

The major consolidated subsidiaries as of March 31, 2018 are as follows:

JDI Display America, Inc., JDI Europe GmbH, JDI Korea Inc., JDI China Inc., JDI Hong Kong Limited., Suzhou JDI Devices Inc., Suzhou JDI Electronics Inc., Kaohsiung Opto-Electronics Inc., Nanox Philippines Inc., and JDI Taiwan Inc..

Changes in the scope of consolidation during the year ended March 31, 2018 are as follows:

- (a) Due to a merger with Kaohsiung Opto-Electronics Inc. in December 2017, Star World Technology Corp. was excluded from the consolidation scope.
- (b) Due to sale of all shares in March 2018, Shenzhen JDI Inc. was excluded from the consolidation scope.

② Number of unconsolidated subsidiaries : None

ii) Equity method

① Number of affiliates accounted for by the equity method : 1

The affiliates accounted for by the equity method: JOLED Inc.

② Number of affiliates not accounted : None

The fiscal year-end of all entities is March 31, except for 5 consolidated foreign subsidiaries. Financial statements provisionally closed for the period ending March 31 are used for those subsidiaries.

2) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits on demand placed with banks and highly liquid investments with insignificant risk of change in value which have maturities of three months or less when purchased. Cash and cash equivalents presented in the accompanying consolidated statement of cash flows are equal to the cash and deposit presented in the accompanying consolidated balance sheet as there are no highly liquid investments outstanding at March 31, 2018.

3) *Inventories*

Inventories are stated at the lower of cost or market. Cost is determined using the moving average cost method.

4) *Depreciation methods*

① Building and structures and machinery, equipment and vehicles

Depreciation expense is determined based on the straight-line method over the following useful lives:

Buildings and structures	3-50 years
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Japan Display Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Machinery, equipment and vehicles

4-7 years

② Intangible assets

Amortization expense is determined based on the straight-line method. A significant portion of the intangible asset is composed of internal-use software that is amortized over the estimated useful life of 5 years.

③ Lease assets

a) Finance leases which transfer ownership of the leased property to the lessee
Depreciation method for such leased properties is the same with those applied to the properties owned by the Company.

b) Finance leases which do not transfer ownership of the leased property to the lessee

Depreciation cost of lease assets is determined based on the straight-line method over the term of the lease agreement with no residual values. If there is a residual value guarantee, the residual value is the guaranteed amount. Estimated useful lives of the lease assets are ranging from 1 to 5 years.

5) *Allowance for doubtful accounts*

Allowance for doubtful accounts is assessed on an individual customer account basis as well as based on the historical experiences of uncollectible amounts adjusted to take into account current customers' financial condition.

6) *Provision for bonuses*

Provision for bonuses are calculated based on the estimated future bonus payments to employees, which are incurred during the year.

7) *Retirement benefit obligations*

Provision is based on the estimated amount of the retirement benefit obligations and plan assets at the end of the year.

Prior service costs and actuarial gains and losses are amortized on a straight-line basis over 10 years, which is the period not exceeding the current estimate of average remaining employment service period. Amortization period will not be modified unless the estimated average remaining service period is determined to be less than 10 years. Prior service costs and actuarial gains and losses are recognized in the fiscal year following the year of generation, respectively.

8) *Foreign currency translations and transactions*

Financial assets and liabilities denominated in foreign currencies are translated at the exchange rate on the fiscal year-end date resulting in gains and losses recognized in the

Japan Display Inc. and Subsidiaries

Notes to Consolidated Financial Statements

accompanying consolidated statement of income. Assets and liabilities of the consolidated foreign subsidiaries are translated at the exchange rate on the fiscal year-end date, income and expenses are translated at the average exchange rate during the fiscal year and differences resulting from foreign currency translations are recorded in a foreign currency translation adjustment and in non-controlling interests in the accompanying consolidated balance sheet.

9) *Derivative and hedging activities*

The Company uses derivative financial instruments to manage their exposures to fluctuations in foreign exchange. The Company does not enter into derivatives for trading or speculative purposes, and the Company uses derivative financial instruments, including foreign exchange forward contracts, in order to hedge the risk of fluctuations in foreign currency exchange rates associated with assets and liabilities and forecasted transactions denominated in foreign currencies which arise from imports and exports of products.

All derivative financial instruments are stated at fair value. The risk of fluctuations in foreign currency exchange rates has been assumed to be completely hedged over the period of hedging contracts as the major conditions of the hedging instruments and the hedged items are consistent. Accordingly, an evaluation of the effectiveness of the hedging contracts is not required. Thus, the deferral method has been used for recognizing gains or losses on hedging instruments and the hedged items.

10) *Goodwill*

Goodwill is amortized on a straight-line basis over a period not exceeding 20 years.

11) *Consumption Taxes*

Consumption taxes and local consumption taxes are accounted for using the net-of-tax method.

4. Standards and guidance not yet adopted

The following guidance were issued but not yet adopted.

- **“Implementation Guidance on Tax Effect Accounting”** (ASBJ Guidance No. 28, February 16, 2018 (hereinafter, “Guidance No.28”))

- **“Implementation Guidance on Recoverability of Deferred Tax Assets”** (ASBJ Guidance No. 26 (revised 2018), February 16, 2018 (hereinafter, “Guidance No.26”))

(1) Overview

The above guidance was revised in regard to the treatments for taxable temporary differences for investments in subsidiaries within the context of non-consolidated financial

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Notes to Consolidated Financial Statements

statements, and to clarify the treatments in determining recoverability of deferred tax assets in a company which was categorized as ‘Type1’ according to the guidance.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2019.

(3) Effects of the application of the standards

These changes have no effect on the consolidated financial statements of the current fiscal year.

- **“Accounting Standard for Revenue Recognition”** (ASBJ Statement No.29, March 30, 2018)

- **“Implementation Guidance on Accounting Standard for Revenue Recognition”** (ASBJ Guidance No.30, March 30, 2018)

(1) Overview

The above standard and guidance provide comprehensive principles for revenue recognition. Under the standard and guidance, revenue is recognized by applying following 5 steps:

Step1: Identify contract(s) with customers.

Step2: Identify the performance obligations in the contract.

Step3: Determine the transaction price.

Step4: Allocate the transaction price to the performance obligation in the contract.

Step5; Recognize revenue when (or as) the entity satisfies a performance obligation.

(2) Effective date

Effective from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of the application of the standards

The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

Japan Display Inc. and Subsidiaries
Notes to Consolidated Financial Statements

5. Note to the Consolidated Statement of Comprehensive Income

Amounts reclassified to net income for the years ended March 31, 2018 was recognized in other comprehensive income in the current or previous periods, and tax effects for each component of other comprehensive income were as follows:

	(¥ in millions, US\$ in thousands)	
	¥	\$
Deferred gains or losses on hedges		
Increase during the year	-	-
Reclassification adjustments	61	574
Sub-total, before tax	61	574
Tax expense	(18)	(179)
Sub-total, net of tax	42	395
Foreign currency translation adjustment		
Increase during the year	1,424	13,413
Reclassification adjustments	35	329
Sub-total, before tax	1,459	13,742
Tax expense	-	-
Sub-total, net of tax	1,459	13,742
Remeasurements of defined benefit plans, net of tax		
Increase during the year	(93)	(885)
Reclassification adjustments	1,280	12,058
Sub-total, before tax	1,187	11,173
Tax expense	8	85
Sub-total, net of tax	1,195	11,258
Total other comprehensive income	2,698	25,395

6. Financial Instruments, Exposure Risks and Fair Value Measurements

(1) Qualitative information on financial instruments

① Policies for using financial instruments

At March 31, 2018, investment activities are primarily focused on short-term time deposits. The Company is funded by borrowing on the basis of agreements with financial institutions and other party for funding.

② The exposures to risk of financial instruments and policies and procedures for managing risk

i. Credit risk management (customers' default risk)

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Notes to Consolidated Financial Statements

Accounts receivable are exposed to customer credit risk. In addition, accounts receivable denominated in foreign currencies arising from global operations are exposed to the foreign currency fluctuation risk.

In accordance with internal credit management policy, past due and unpaid balance by each customers as well as the credit status of each customer are monitored on a regular basis.

Accounts payables that are denominated in foreign currencies are exposed to the foreign currency fluctuation risk.

The accounts payable derived from operating expenses are all settled within 6 months.

Debts borrowed from the financial institution is the purpose for the plant and equipment investment. Interest rate of those debts are fixed-rate.

ii. Market risk management (foreign currency exchange and interest rate fluctuation risk)

In order to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies, the company enters into forward foreign exchange contracts.

Foreign currency forward contracts are utilized to hedge the risk of foreign currency fluctuations for the respective foreign currency denominations, which are monitored on a monthly basis. However, such risk of the net of outstanding receivables and payables denominated in the same currency is limited.

Derivative instruments are utilized in accordance with internal management guidelines when considered necessary.

iii. Liquidity risk management of financing transactions (risk of inability to repay at payment due dates)

Cash flow forecasts are established by the respective departments on a monthly basis and adequate liquidity is maintained to manage the liquidity risks.

③ Fair values of financial instruments

The fair value of financial instruments is determined based on the market price, or on a reasonable estimate, such as expected cash flows discounted by risk-adjusted rate, when the market price is unavailable. Since the fair value measurement includes assumptions that may fluctuate, the calculated fair value may differ according to newly adopted assumptions.

(2) Fair value of financial instruments

Carrying amount of the financial instruments included in the accompanying consolidated balance sheet, and their estimated fair values as of March 31, 2018 are as follows:

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(¥ in millions)

	Consolidated balance sheet amounts	Fair value	Difference
Cash and deposits	80,866	80,866	-
Accounts receivable - trade	82,863	82,863	-
Accounts receivable - other	42,766	42,766	-
Total	206,495	206,495	-
Accounts payable - trade	117,830	117,830	-
Short-term loans payable	99,082	99,082	-
Bonds with subscription rights to shares	45,000	45,012	12
Long-term loans payable	30,000	30,200	200
Lease obligations	13,980	14,216	235
Total	305,893	306,342	448
Derivatives(*)	1	1	-

(*) Derivatives are stated as the net of assets and liabilities. The figures in parentheses indicate net liabilities.

(US\$ in thousands)

	Consolidated balance sheet amounts	Fair value	Difference
Cash and deposits	761,163	761,163	-
Accounts receivable - trade	779,960	779,960	-
Accounts receivable - other	402,541	402,541	-
Total	1,943,664	1,943,664	-
Accounts payable - trade	1,109,093	1,109,093	-
Short-term loans payable	932,624	932,624	-
Bonds with subscription rights to shares	423,569	423,692	123
Long-term loans payable	282,380	284,262	1,882
Lease obligations	131,598	133,819	2,221
Total	2,879,264	2,883,490	4,226
Derivatives	9	9	-

(Note1) Fair value measurement of financial instruments

Assets:

Carrying amount of cash and deposits, accounts receivable - trade and accounts receivable - other approximates fair value due to the short-term maturity of these items.

Liabilities:

Carrying amount of accounts payable - trade and short-term loans payable approximates fair value due to the short-term maturity of these items.

Since there is no market value available, the fair value of bonds with subscription rights to shares is determined based on the present value calculation discounted with the current interest rate of similar borrowing contracts along with the value of subscription rights to shares.

The fair value of Long-term loans payable, including current portion, is determined based on the present value calculation discounted with the current interest rate of similar borrowing contracts.

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The fair value of lease obligations is determined based on the present value calculation discounted with the current interest rate of similar lease contracts.

The fair value of derivatives is based on the prices obtained from financial institutions.

(Note2) Items for which obtaining an estimated fair value is deemed to be extremely difficult
(¥ in millions, US\$ in thousands)

	March 31, 2018	
	¥	\$
Unlisted stocks	12,253	115,343

This figure is not included in the above tables, as it has no market value and the fair value is not readily determinable.

(Note3) Estimated amounts of repayment after the balance sheet date for monetary receivables

(¥ in millions)

	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
Cash and deposits	80,866	-	-	-
Accounts receivable - trade	82,863	-	-	-
Accounts receivable - other	42,766	-	-	-
Total	206,495	-	-	-

(US\$ in thousands)

	Less than 1 year	1 to 5 years	5 to 10 years	More than 10 years
Cash and deposits	761,163	-	-	-
Accounts receivable - trade	779,960	-	-	-
Accounts receivable - other	402,541	-	-	-
Total	1,943,664	-	-	-

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(Note4) Short-term loan, Long-term loan, and Bonds outstanding as of March 31, 2018 are as follows:

Classification	(¥ in millions, US\$ in thousands)			
	Balance		Average interest rate	Repayment term
	¥	\$	(%)	
Short-term loans payable	99,082	932,624	0.5	2018
Bonds with subscription rights to shares	45,000	423,569	-	2024
Long-term loans payable	30,000	282,380	4.2	2023
Total	174,082	1,638,573	-	-

Note: Average interest rate is calculated based on the weighted average interest rate of the year-end debt balances.

The aggregate amounts of annual maturities for the next 5 years are as follows for the year ending March 31:

	(¥ in millions, US\$ in thousands)	
	¥	\$
March, 2019	99,082	932,624
March, 2020	-	-
March, 2021	-	-
March, 2022	-	-
March, 2023 and thereafter	75,000	705,949
Total	174,082	1,638,573

<Line of credit>

The Company maintains lines of credit for working capital purposes. The balances of unused lines of credit are as follows:

	(¥ in millions, US\$ in thousands)	
	March 31, 2018	
	¥	\$
Total amount of lines of credit	107,000	1,007,154
Outstanding amount	98,000	922,440
Net amount	9,000	84,714

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7. Derivative Transactions

(1) Derivative transactions to which hedge accounting is not applied

Currency-related transactions

(¥ in millions)

Classification	Type of derivatives	Contract amount	Contract amount due after one year	Fair value	Valuation loss
Non-market transactions	Forward exchange contracts				
	Sell (Euro)	106	-	1	1
	Total	106	-	1	1

(US\$ in thousands)

Classification	Type of derivatives	Contract amount	Contract amount due after one year	Fair value	Valuation loss
Non-market transactions	Forward exchange contracts				
	Sell (Euro)	1,007	-	9	9
	Total	1,007	-	9	9

Fair value is based on the prices obtained from financial institutions.

(2) Derivative transactions to which hedge accounting is applied

None

8. Inventories

Write-down to the lower of cost or market (or gain on reversal of valuation loss on goods) as of March 31, 2018 is recorded in accompanying consolidated statement of income as follows:

(¥ in millions, US\$ in thousands)

For the Year Ended

March 31, 2018

	¥	\$
Cost of sales	(6,445)	(60,674)
Business structure improvement expenses	7,748	72,929
Total	1,302	12,255

9. Retirement Benefit Plans

1. The Company provides defined contribution pension plan and defined benefit plan, which consist of Lump-Sum Retirement Benefit Plan and Defined Benefit Corporate Pension Plan.

Following represents the summary of retirement benefit obligations related information for the defined benefit plan:

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2. Defined Benefit Plan

(1) Adjustment table of Project benefit obligations

	(¥ in millions, US\$ in thousands)	
	For the Year Ended	
	March 31, 2018	
	¥	\$
Beginning balance	53,705	505,516
Service cost	1,718	16,180
Interest cost	98	922
Unrecognized actuarial gain / loss	129	1,214
Payment of retirement benefit	(3,133)	(29,499)
Other	(63)	(602)
Ending balance	52,453	493,731

(2) Adjustment table of Fair value of plan assets

	(¥ in millions, US\$ in thousands)	
	For the Year Ended	
	March 31, 2018	
	¥	\$
Beginning balance	26,344	247,976
Expected return on plan assets	518	4,885
Unrecognized actuarial gain/loss	43	414
Contribution	4,374	41,181
Payment of retirement benefit	(2,857)	(26,901)
Other	(33)	(320)
Ending balance	28,390	267,235

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(3) Adjustment table of the ending balance of Project benefit obligations, Fair value of plan assets and Net defined benefit liability recognized in consolidated balance sheet

	(¥ in millions, US\$ in thousands)	
	For the Year Ended	
	March 31, 2018	
	¥	\$
Saving type Project benefit obligations	52,453	493,731
Fair value of plan assets	(28,390)	(267,234)
	24,063	226,497
Non-saving type Project benefit obligations	-	-
Net amount presented on the consolidated balance sheet	24,063	226,497
Net defined benefit liability	24,063	226,497
Net defined benefit asset	-	-
Net amount presented on the consolidated balance sheet	24,063	226,497

(4) Following represents the components of net periodic benefit costs:

	(¥ in millions, US\$ in thousands)	
	For the Year Ended	
	March 31, 2018	
	¥	\$
Service cost	1,718	16,180
Interest cost	98	922
Expected return on plan assets	(518)	(4,885)
Amortization of actuarial gain/loss	1,063	10,006
Amortization of prior year service costs	233	2,203
Early extra retirement payment	2,435	22,920
Net periodic retirement benefit costs	5,030	47,346

(5) Following represents the components of Remeasurements of defined benefit plans:

	(¥ in millions, US\$ in thousands)	
	For the Year Ended	
	March 31, 2018	
	¥	\$
Prior year service costs	233	2,193
Actuarial gain/loss	953	8,980
Total	1,187	11,173

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- (6) Following represents the components of Accumulated adjustments of defined benefit plans:

	(¥ in millions, US\$ in thousands)	
	For the Year Ended March 31, 2018	
	¥	\$
Unrecognized prior year service costs	(1,020)	(9,610)
Unrecognized actuarial gain/loss	(6,844)	(64,420)
Total	(7,864)	(74,030)

- (7) Following represents the main component of Fair value of plan assets:

① The main component of the Fair value of plan assets

	For the Year Ended March 31, 2018	
	(%)	
Bond	65	
Stock	19	
Life insurance general accounts	10	
Other	6	
Total	100	

- ② Setting method of long-term expected return on plan assets

Long-term expected return on plan assets is determined taking into account the current and expected future allocation of the fair value assets and the current and the long-term expected return on plan assets.

- (8) The basis for calculation of actuarial gain/loss

Basic assumption of calculation of actuarial gain/loss in the current fiscal consolidated year is as follows:

Discount rate 0.1%

Long-term expected return on plan assets rate 2.0%

3. Following represents the payments to the defined contribution plan:

	(¥ in millions, US\$ in thousands)	
	For the Year Ended March 31, 2018	
	¥	\$
Payments to the defined contribution plan	946	8,914

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10. Net Assets

Net assets consist of shareholders' equity, accumulated other comprehensive income, and minority interests. Under Japanese laws and regulations, the entire amount paid for new shares must be designated as common stock.

However, by resolution of the Board of Directors, a company can designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is then included in the capital surplus. It is a requirement under Japanese Corporate Law ("the Law") that, in cases where the surplus is distributed among shareholders as a dividend, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and the legal earnings reserve is set aside as additional paid-in capital or the legal earnings reserve.

The legal earnings reserve is included in retained earnings in the accompanying Consolidated Balance Sheets. Under the Law, appropriations of the legal earnings reserve and additional paid-in capital generally require a resolution by a General Meeting of Shareholders. Although additional paid-in capital and the legal earnings reserve may not be distributed as dividends, the Law allows all additional paid-in capital and all legal earnings reserves to be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends. The maximum amount that the Company can return to shareholders as dividends is calculated based on the non-consolidated financial statements in accordance with the Law.

The balances of shares in the year ended March 31, 2018 are as follows:

	March 31, 2018	
	(in shares)	
Shares issued		
Common stock	601,411,900	
Total	601,411,900	
Treasury stock		
Common stock	-	
Total	-	

11. Per Share Information

Net assets and net income per share are as follows:

	For the Year Ended March 31, 2018	
Net assets per share	133.58 yen	1.26 dollars
Net income (loss) per share	(411.09 yen)	(3.87 dollars)
Diluted net income per share	- yen	- dollars

Diluted net income per share is not presented because of net loss per share although potential shares exist.

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The basis for the calculation of net assets per share is as follows:

	(¥ in millions, US\$ in thousands)	
	For the Year Ended March 31, 2018	
	¥	\$
Total net assets	82,046	772,270
Amounts deducted from total net assets	1,710	16,095
(Included Stock acquisition right)	(47)	(442)
(Included Non-controlling interests)	(1,662)	(15,653)
Net assets attributable to common shares	80,336	756,175

Number of common shares at the end of the year, which are used for the calculation of net assets per share, is 601,411,900.

The basis of the calculation for net income per share and diluted net income per share is as follows:

	(¥ in millions, US\$ in thousands)	
	For the Year Ended March 31, 2018	
	¥	\$
Net income per share		
Net Income (loss) attributable to owners of the parent	(247,231)	(2,327,099)
Amount not attributable to common shareholders	-	-
Net income (loss) attributable to common shares	(247,231)	(2,327,099)

Average number of common shares during the year is 601,411,900.

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12. Selling, General and Administrative Expenses

Major items of selling, general and administrative expenses included in the accompanying consolidated statement of income are as follows:

	(¥ in millions, US\$ in thousands)	
	For The Year Ended March 31, 2018	
	¥	\$
Packing and delivery expenses	4,513	42,479
Salary and allowances	7,554	71,103
Provision for bonuses	1,135	10,683
Retirement benefit expenses	876	8,246
Subcontract expenses	5,114	48,146
Research and development expense	11,363	106,966
Other	28,561	268,845
Total	59,119	556,467

13. Research and Development

Research and development costs are expensed as they are incurred. The total amount of research and development expenses included in cost of sales and selling and general administrative expenses is 19,205 million yen (180,779 Thousands of US Dollars) for the year ended March 31, 2018.

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14. Income Taxes

Significant components of deferred tax assets and liabilities are as follows:

	(¥ in millions, US\$ in thousands)	
	March 31, 2018	
	¥	\$
Deferred tax assets		
Net operating loss carry forwards	85,638	806,090
Inventory reserve	4,091	38,517
Impairment loss	31,629	297,722
Business structure improvement expense	2,808	26,440
Net defined benefit liability	7,346	69,145
Provision for bonuses	1,214	11,427
Other	6,588	62,011
Total deferred tax assets	139,318	1,311,352
Valuation allowance	(138,535)	(1,303,982)
Net deferred tax assets	783	7,370
Deferred tax liabilities		
Patent fair value	(407)	(3,831)
Revaluation of lands	(1,829)	(17,216)
Other	(439)	(4,141)
Total deferred tax liabilities	(2,676)	(25,188)
Net deferred tax assets (liabilities)	(1,893)	(17,818)

Net deferred tax assets and liabilities are presented as follows in the accompanying consolidated balance sheet:

	(¥ in millions, US\$ in thousands)	
	March 31, 2018	
	¥	\$
Current assets - deferred tax assets	255	2,410
Non-current assets - deferred tax assets	527	4,960
Current liabilities - deferred tax liabilities	(83)	(781)
Non-current liabilities - deferred tax liabilities	(2,592)	(24,407)

Information for the reconciliation of tax rates is omitted as the loss before income taxes for the year ended March 31, 2018.

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15. Lease Transactions

The Company primarily leases small- and medium-size display production machinery and transportation related equipment under a finance lease arrangement. Amortization of lease assets is determined based on a straight-line basis over the term of the lease with no residual values. If there is a residual value guarantee, the residual value is the guaranteed amount.

Lease obligations that are recorded in the accompanying consolidated balance sheet and related interest rate and repayment terms are as follows as of March 31, 2018:

(¥ in millions, US\$ in thousands)

Classification	Ending balance		Average interest rate	Repayment term
	¥	\$	(%)	
Lease obligations due within one year	13,980	131,598	3.4	-
Lease obligations	0	0	3.7	2018 to 2019
Total	13,980	131,598	-	-

Future minimum payments of lease obligations for the next 5 years are as follows at March 31:

(¥ in millions, US\$ in thousands)

	¥	\$
March, 2019	13,980	131,598
March, 2020	0	0
March, 2021	-	-
March, 2022	-	-
March, 2023	-	-
Total	13,980	131,598

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16. Stock Options

1. Descriptions of stock options are as follows:

	1 st stock option	2 nd stock option
Resolution date	March 27, 2013	March 27, 2013
Employee classification and number of participants	Board of directors	1
	Employees	66
	Directors of subsidiaries (excluding those who concurrently serve as the directors or employees of JDI)	10
	Employees of subsidiaries	3
Number of stock options by type of shares (Note)	Common stock 8,525,000 shares (*1,3)	Common stock 1,340,000 shares (*1,3)
Grant date	April 1, 2013	April 1, 2013
Vesting conditions	Participants can exercise its vested option rights when any of the following conditions is met.	Participants can exercise its vested option rights when any of the following conditions is met.
	a) Voting rights of JDI held by Innovation Network Corporation of Japan (“INCJ”) is reduced to 33% or less. b) INCJ is no longer the largest shareholder of the Company. c) The Company’s common stock becomes publicly traded in any country’s stock market. Stock acquisition rights will be vested at the rates described below. i April 1, 2013: 20% ii April 1, 2014: 20% iii April 1, 2015: 20% iv April 1, 2016: 20% v April 1, 2017: 20%	a) Voting rights of JDI held by Innovation Network Corporation of Japan (“INCJ”) is reduced to 33% or less. b) INCJ is no longer the largest shareholder of the Company c) The Company’s common stock becomes publicly traded in any country’s stock market. Stock acquisition rights will be vested at the rates described below. i April 1, 2013: 20% ii April 1, 2014: 20% iii April 1, 2015: 20% iv April 1, 2016: 20% v April 1, 2017: 20%
Service period	-	-
Exercise period	June 28, 2014 to June 27, 2022	June 28, 2014 to June 27, 2022
Number of stock options(※)	78,380 (*4)	12,980 (*4)
Type, description and number of shares related to stock options(※)	Common stock 7,838,000(*3,4)	Common stock 1,298,000(*3,4)
Amount paid upon exercise of stock options (JPY) (※)	500 (*3,5)	500 (*3,5)

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Issuance price of shares and amount of paid-in capital when shares are issued upon exercise of stock options(※)	Issuance price 500 Amount of paid-in capital 250 (*3)	Issuance price 500 Amount of paid-in capital 250 (*3)
Conditions for exercising stock options(※)	(*6)	(*6)
Matters concerning the transfer of stock options	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.
Matters concerning the grant of stock options in connection with acts of reorganization	(*7)	(*7)
	3 rd stock option	4 th stock option
Resolution date	March 27, 2013	March 27, 2013
Employee classification and number of participants	Employees 4	Employees 1
Number of stock options by type of shares (Note)	Common stock 320,000 shares (*1,3)	Common stock 150,000 shares (*1,3)
Grant date	April 1, 2013	April 1, 2013
Vesting conditions	Participants can exercise its vested option rights when any of the following conditions is met. d) Voting rights of JDI held by Innovation Network Corporation of Japan (“INCJ”) is reduced to 33% or less. e) INCJ is no longer the largest shareholder of the Company. f) The Company’s common stock becomes publicly traded in any country’s stock market. Stock acquisition rights will be vested at the rates described below. i October 1, 2013: 20% ii April 1, 2014: 20% iii April 1, 2015: 20% iv April 1, 2016: 20% v April 1, 2017: 20%	Participants can exercise its vested option rights when any of the following conditions is met. d) Voting rights of JDI held by Innovation Network Corporation of Japan (“INCJ”) is reduced to 33% or less. e) INCJ is no longer the largest shareholder of the Company f) The Company’s common stock becomes publicly traded in any country’s stock market. Stock acquisition rights will be vested at the rates described below. i October 1, 2013: 20% ii April 1, 2014: 20% iii April 1, 2015: 20% iv April 1, 2016: 20% v April 1, 2017: 20%
Service period	-	-
Exercise period	January 31, 2015 to January 30, 2023	February 28, 2015 to February 27, 2023
Number of stock options(※)	2,800 (*4)	750 (*4)
Type, description and number of shares related to stock options(※)	Common stock 280,000 (*3,4)	Common stock 75,000 (*3,4)

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Amount paid upon exercise of stock options (JPY) (※)	500 (*3,5)	500 (*3,5)
Issuance price of shares and amount of paid-in capital when shares are issued upon exercise of stock options(※)	Issuance price 500 Amount of paid-in capital 250 (*3)	Issuance price 500 Amount of paid-in capital 250 (*3)
Conditions for exercising stock options(※)	(*6)	(*6)
Matters concerning the transfer of stock options	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.
Matters concerning the grant of stock options in connection with acts of reorganization	(*7)	(*7)
	5 th stock option	6 th stock option
Resolution date	July 19, 2013	October 18, 2013
Employee classification and number of participants	Employees 6 Directors of subsidiaries 1	Employees 73
Number of stock options by type of shares (Note)	Common stock 560,000shares (*1,3)	Common stock 2,596,000 shares (*1,3)
Grant date	August 2, 2013	October 31, 2013
Vesting conditions	Participants can exercise its vested option rights when any of the following conditions is met. g) Voting rights of JDI held by Innovation Network Corporation of Japan (“INCJ”) is reduced to 33% or less. h) INCJ is no longer the largest shareholder of the Company. i) The Company’s common stock becomes publicly traded in any country’s stock market. Stock acquisition rights will be vested at the rates described below. i April 1, 2014: 20% ii April 1, 2015: 20% iii April 1, 2016: 20% iv April 1, 2017: 20% v April 1, 2018: 20%	Participants can exercise its vested option rights when any of the following conditions is met. g) Voting rights of JDI held by Innovation Network Corporation of Japan (“INCJ”) is reduced to 33% or less. h) INCJ is no longer the largest shareholder of the Company i) The Company’s common stock becomes publicly traded in any country’s stock market. Stock acquisition rights will be vested at the rates described below. i October 1, 2014: 20% ii April 1, 2015: 20% iii April 1, 2016: 20% iv April 1, 2017: 20% v April 1, 2018: 20%
Service period	-	-
Exercise period	August 1, 2015 to July 31, 2023	October 31, 2015 to October 30, 2023

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Number of stock options(※)	5,200(*4)	24,160(*4)
Type, description and number of shares related to stock options(※)	Common stock 520,000 (*3,4)	Common stock 2,416,000 (*3,4)
Amount paid upon exercise of stock options (JPY) (※)	530 (*3,5)	650 (*3,5)
Issuance price of shares and amount of paid-in capital when shares are issued upon exercise of stock options(※)	Issuance price 530 Amount of paid-in capital 265*3	Issuance price 650 Amount of paid-in capital 325*3
Conditions for exercising stock options(※)	(*6)	(*6)
Matters concerning the transfer of stock options	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.
Matters concerning the grant of stock options in connection with acts of reorganization	(*7)	(*7)
	7 th stock option	8 th stock option
Resolution date	October 18, 2013	June 23, 2015
Employee classification and number of participants	Employees 1	Board of directors 2
Number of stock options by type of shares (Note)	Common stock 34,000 shares (*1,3)	Common stock 500,000 shares (*1)
Grant date	October 31, 2013	July 10, 2015
Vesting conditions	<p>Participants can exercise its vested option rights when any of the following conditions is met.</p> <p>j) Voting rights of JDI held by Innovation Network Corporation of Japan (“INCJ”) is reduced to 33% or less.</p> <p>k) INCJ is no longer the largest shareholder of the Company.</p> <p>l) The Company’s common stock becomes publicly traded in any country’s stock market.</p> <p>Stock acquisition rights will be vested at the rates described below.</p> <p>i October 1, 2014: 20%</p> <p>ii April 1, 2015: 20%</p> <p>iii April 1, 2016: 20%</p> <p>iv April 1, 2017: 20%</p> <p>v April 1, 2018: 20%</p>	<p>Stock acquisition rights will be vested at the rates described below; provided, however, that even if all or part of stock acquisition rights are vested, such vested stock acquisition rights may not be exercised unless the conditions for exercising such stock acquisition rights are satisfied and after a period that allows the exercise of such stock acquisition rights.</p> <p>i April 1, 2016: 20%</p> <p>ii April 1, 2017: 20%</p> <p>iii April 1, 2018: 20%</p> <p>iv April 1, 2019: 20%</p> <p>v April 1, 2020: 20%</p>

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Service period	-	-
Exercise period	October 31, 2015 to October 30, 2023	June 24, 2017, to June 23, 2025,
Number of stock options(※)	340(*4)	2,600(*4)
Type, description and number of shares related to stock options(※)	Common stock 34,000 (*3,4)	Common stock 260,000 (*4)
Amount paid upon exercise of stock options (JPY) (※)	650 (*3,5)	542 (*5)
Issuance price of shares and amount of paid-in capital when shares are issued upon exercise of stock options(※)	Issuance price 650 Amount of paid-in capital 325*3	Issuance price 542 Amount of paid-in capital 271
Conditions for exercising stock options(※)	(*7)	(*7)
Matters concerning the transfer of stock options	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.
Matters concerning the grant of stock options in connection with acts of reorganization	(*7)	(*7)
	9 th stock option	10 th stock option
Resolution date	September 16, 2015	June 21, 2017
Employee classification and number of participants	Employees 2	Board of directors 1
Number of stock options by type of shares (Note)	Common stock 208,000 shares (*1)	Common stock 500,000 shares (*1)
Grant date	October 5, 2015	July 11, 2017

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Vesting conditions	<p>Stock acquisition rights will be vested at the rates described below; provided, however, that even if all or part of stock acquisition rights are vested, such vested stock acquisition rights may not be exercised unless the conditions for exercising such stock acquisition rights are satisfied and after a period that allows the exercise of such stock acquisition rights.</p> <p>i April 1, 2016: 20% ii April 1, 2017: 20% iii April 1, 2018: 20% iv April 1, 2019: 20% v April 1, 2020: 20%</p>	<p>Stock acquisition rights will be vested at the rates described below; provided, however, that even if all or part of stock acquisition rights are vested, such vested stock acquisition rights may not be exercised unless the conditions for exercising such stock acquisition rights are satisfied and after a period that allows the exercise of such stock acquisition rights.</p> <p>i April 1, 2018: 20% ii April 1, 2019: 20% iii April 1, 2020: 20% iv April 1, 2021: 20% v April 1, 2022: 20%</p>
Service period	-	-
Exercise period	September 17, 2017 to September 16, 2025	June 22, 2019, to June 21, 2027,
Number of stock options(※)	1,456[728] (*4)	4,000 (*4)
Type, description and number of shares related to stock options(※)	Common stock 145,600[72,800](※4)	Common stock 400,000(※4)
Amount paid upon exercise of stock options (JPY) (※)	468 (*5)	268 (*5)
Issuance price of shares and amount of paid-in capital when shares are issued upon exercise of stock options(※)	Issuance price 468 Amount of paid-in capital 234	Issuance price 268 Amount of paid-in capital 134
Conditions for exercising stock options(※)	(*6)	(*6)
Matters concerning the transfer of stock options	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.	Any acquisition of stock options through transfer shall require the approval of the Board of Directors of the Company.
Matters concerning the grant of stock options in connection with acts of reorganization	(*7)	(*7)

(※) Details as of the end of the consolidated accounting period are described. Regarding the items that have been changed after the end of the business year before May 31, 2018, the descriptions as of the end of the previous month are described in square brackets and no changes have been made to other items from the details as of the end of the business year.

*1. The number of stock options is converted into the number of shares.

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- *2. The 1st to the 4th stock options were granted to the stock option holders of former Japan Display Inc. due to the merger on April 1, 2013.
- *3. As of January 28, 2014, the Company implemented a stock split at a ratio of 100 shares per common share upon resolution at the Board of Directors held on December 19, 2013 and the Class Meeting of class a preference shareholders held on January 27, 2014. As a result, "type, description and number of shares related to stock options", "amount paid upon exercise of stock options" and "issuance price of shares and amount of paid-in capital when shares are issued upon exercise of stock options" for the 1st to the 7th stock options have been adjusted.
- *4. The number of shares newly issued upon exercise of one (1) stock option, or treasury shares owned by the Company to be transferred instead, shall be one (1) common share for the 1st to the 7th stock options and 100 shares for the 8th to the 10th stock options. If the Company conducts a stock split (including grant of shares without contribution. Hereinafter the same shall apply) or stock consolidation, the number of shares granted shall be adjusted based on the following formula, after the grant date for the 1st to the 7th stock options or the date of resolution of the Board of Directors for the 8th to the 10th stock options. The total number of shares related to the stock options shall be the number of granted shares after adjustment multiplied by the total number of stock options (excluding those that were executed, cancelled or extinguished at such points of time).

(Adjusted number of granted shares) =

(Non-adjusted number of granted shares) x (Ratio of stock split/stock consolidation)

Any fraction of less than one (1) share in the number of shares issued upon exercise of the stock options shall be rounded down.

In addition to the above, if any unavoidable circumstances requiring adjustment of the number of granted shares arise on the grant date or after the date of resolution of the Board of Directors, the Company shall adjust the number of granted shares within a reasonable range, considering conditions for capital reduction, merger, company split or share exchange.

- *5. If the Company conducts a common stock split or common stock consolidation on or after the grant date, the exercise price shall be adjusted based on the following formula. The exercise price after adjustment shall apply on and after the following date of the record date of the stock split (if a record date is not determined, the effective date) or on or after the date on which the stock consolidation takes effect.

(Adjusted exercise price)

= (Non-adjusted exercise price) / (Ratio of stock split/stock consolidation)

Apart from the above, with respect to the 1st to the 7th stock options, the exercise price shall be subject to necessary adjustment upon resolution of the Board of Directors in the following cases:

- ① When the exercise price needs to be adjusted due to an absorption-type merger with the Company as the surviving company, absorption-type company split with the Company as the succeeding company or share exchange with the Company as the wholly owning parent company.
- ② When the exercise price needs to be adjusted due to change in the number of common shares, etc.

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In addition to the above, with respect to the 8th to the 10th stock options, the exercise price shall be subject to necessary adjustment upon resolution of the Board of Directors in the following cases:

- ① When the Company issues offered shares at a price lower than the market value (including cases in which treasury stock is disposed of; and excluding cases in which stock options (including bonds with stock options) are exercised, new shares are issued at fair value and securities convertible to common stock are converted)
- ② When any unavoidable circumstances requiring adjustment of the exercise price, such as when the Company reduces capital or conducts a merger, stock split or share exchange

*6. Conditions for exercising stock options

(1) Vesting

Stock options issued to stock option holders shall be vested five (5) times at the rates described above; provided, however, that even if all or part of the stock options are vested, the vested stock options may be exercised only when the conditions for exercising such stock options are met and during a period that allows the exercise of such stock option.

(Note 1) The number of stock options to be vested shall be calculated by multiplying the number of stock options issued to stock option holders on the grant date by the vesting ratio and any fraction less than one (1) share shall be rounded down. If the total sum of the fractions rounded down on their respective vesting dates is more than one (1) share, such one (1) share shall be vested.

(Note 2) Notwithstanding Note 1, with respect to the 1st to the 7th stock options, unvested portion of stock options (excluding the portions that have been determined not to be vested) shall be all vested at such time as any of the following conditions is met:

- ① Voting rights of the Company held by Innovation Network Corporation of Japan ("INCJ") is reduced to 33% or less.
- ② INCJ is no longer the largest shareholder of the Company.
- ③ The Company' s common stock becomes publicly traded in any country' s stock market.

(Note 3) Notwithstanding the above, with respect to the 8th to the 10th stock options, the vesting ratio shall be 0% if the stock option holders retire from the Company or its subsidiary (which means they are no longer directors, executive officers or employees of the Company or its subsidiary and includes cases in which they lose such positions due to their death. The same hereinafter).

(Note 4) Vesting means that the rights to exercise stock options are granted to stock option holders upon arrival of prescribed period or fulfillment of certain conditions.

(2) The stock option holders for the 1st to the 7th stock options may exercise the vested stock options they own only if any of the following conditions is met:

- ① Voting rights of the Company held by INCJ is reduced to 33% or less.
- ② INCJ is no longer the largest shareholder of the Company.
- ③ The Company' s common stock becomes publicly traded in any country' s stock market.

(3) The conditions for exercising stock options when stock option holders retire from the

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Company or its subsidiary are as follows:

- ① Stock option holders may not exercise all of their stock options if they are subject to disciplinary dismissal on gross misconduct, disciplinary dismissal on serious misconduct or equivalent disciplinary action, except when the exercise is exceptionally approved for the stock option holders for the 8th to the 10th stock options by the Board of Directors of the Company.
 - ② If they voluntarily retire from the Company, stock option holders may not exercise a half of the stock options vested at the time, except when the exercise is exceptionally approved for the stock option holders for the 8th to the 10th stock options by the Board of Directors of the Company.
 - (4) When the Company's common stock becomes publicly traded in any country's stock market, the stock option holders for the 1st to the 7th stock options may not exercise their stock options until one year has passed from the listing date.
 - (5) Stock option holders may not exercise their stock options if they assume positions as officers or employees of an entity substantially in competition with the Company, except when they obtain prior written consent from the Company.
 - (6) If a stock option holder dies, a person who succeeds his/her stock options may exercise them upon approval by the Board of Directors.
 - (7) The stock option holders for the 1st and the 3rd to the 6th stock options may not exercise their stock options if the total exercise price exceeds JPY 12 million for a given calendar year.
 - (8) Stock option holders may not transfer, grant security interest on or dispose of all or part of the stock options and their contractual positions and rights and obligations.
- *7. In case of merger (only if the Company distincts in the merger), absorption-type company split or incorporation-type company split (but only if the Company becomes a split company in either case) or share exchange or share transfer (only if the Company becomes a wholly owned subsidiary in either case) (hereinafter collectively referred to as "organization restructuring activities"), the Company will grant the holders of remaining stock options immediately before the effective date of organization restructuring activities the stock options prescribed in each of the following items on the stock companies specified in Article 236, paragraph (1), item (viii), sub-item (a) to (e) of the Companies Act (hereinafter referred to as the "reorganized company") (hereinafter referred to as "succeeding stock options") in each case. This shall be limited to the cases where it is stipulated in the absorption-type merger agreement, consolidation-type merger agreement, absorption-type split agreement, incorporation-type company split plans, share exchange agreement or share transfer plans that the stock options of the reorganized companies that meet the following conditions will be granted:
- (1) Number of succeeding stock options
The number of succeeding stock options to be granted in lieu of the stock options shall be one for each stock option.
 - (2) Number and types of shares to be issued upon the exercise of succeeding stock options
 - ① The types of shares to be issued upon the exercise of succeeding stock options shall be the common stock of the reorganized company

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- ② The number of shares to be issued upon the exercise of succeeding stock options shall be the number of shares specified in Note 4 (adjusted number of shares if adjustments are made) with reasonable adjustment after considering the conditions for organization restructuring activities, etc. However, fractions less than one (1) share shall be rounded down
- (3) Value of the property to invest in the exercise of succeeding stock options
The value of the property to invest in the exercise of succeeding stock options shall be the amount obtained by multiplying the exercise price specified in Note 5 (adjusted price if adjustments are made) upon reasonable adjustment with considering the conditions of organization restructuring activities, etc. by the number of shares of the reorganized company to be issued upon the exercise of succeeding stock options that will be determined based on the above (2) ②.
- (4) Period during which succeeding stock options can be exercised (exercise period)
From the start date of the period during which the stock options specified above can be exercised or the effective date of organization restructuring activities, whichever is later, until the expiration date of such period
- (5) Matters related to paid-in capital and capital reserve that will increase when shares are issued upon the exercise of succeeding stock options
The amount of paid-in capital that will increase when the Company's shares are issued upon the exercise of succeeding stock options shall be half the maximum increased amount of the paid-in capital, etc. calculated pursuant to Article 17 (1) of the Rules of Corporate Accounting (but any fraction less than one JPY as a result of calculation shall be rounded up) and the remaining amount shall be capital reserve.
- (6) Restriction on acquisition of succeeding stock options through transfer
Acquisition of succeeding stock options through transfer shall require approval by resolution at the Board of Directors of the reorganized company.
- (7) Conditions on the exercise of succeeding stock options and acquisition provisions
- ① The conditions on the exercise of succeeding stock options shall be determined based on Note 6.
- ② The reorganized company can obtain all or part of succeeding stock options without consideration on the date separately provided by the Board of Directors of the reorganized company. When part of succeeding stock options are acquired, the succeeding stock options to be acquired shall be determined by resolution at the Board of Directors of the reorganized company.

Unit prices as of March 31, 2018 are as follows (Yen):

	1 st stock option	2 nd stock option
Exercise price	500	500
Average stock price when options are exercised	-	-
Fair value at the grant date	-	-

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	3 rd stock option	4 th stock option
Exercise price(*)	500	500
Average stock price when options are exercised	-	-
Fair value at the grant date	-	-
	5 th stock option	6 th stock option
Exercise price(*)	530	650
Average stock price when options are exercised	-	-
Fair value at the grant date	-	-
	7 th stock option	8 th stock option
Exercise price(*)	650	542
Average stock price when options are exercised	-	-
Fair value at the grant date	-	107
	9 th stock option	10 th stock option
Exercise price(*)	468	268
Average stock price when options are exercised	-	-
Fair value at the grant date	102	73

2. Method of estimating the fair value of stock options

The fair value of 10th Stock Option is estimated using the Black-Scholes model. The following assumptions were used to determine the fair value.

Share price volatility (Note1)	47.45%
Projected remaining period (Note2)	6 year
Projected dividend (Note 3)	¥0 per share
Risk-free interest rate (Note4)	Δ0.0143%

Notes:

1. Calculated based on share price results the past two years (from March, 2014 to July, 2017).
2. There is no sufficient data accumulation, for a reasonable estimate is difficult, are estimated to estimate shall be exercised at the midpoint of the exercise period.
3. Dividend amount, we have a dividend.
4. The rate of return on government bonds over the projected remaining period.

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3. Method of estimating the number of stock options vested

Since it is difficult to reasonably estimate the number of stock option expired, the Company use the method that reflects only the actual number of expiration.

4. Total amount of intrinsic value of stock options as of the end of the current fiscal year calculated based on intrinsic value per unit and total amount of intrinsic value of exercised stock options on the exercise date

(1) Total amount of intrinsic value of stock options as of the end of the current consolidated fiscal year

: None

(2) Total amount of intrinsic value at the exercise date of stock options exercised during the consolidated fiscal year

: None

17. Segment information

The Company has only one segment; small-and medium-size display panels. Therefore, the segment information is omitted.

<Related information>

Sales by region/countries for the year ended March 31, 2018 are as follows:

(Millions of Yen)				
Japan	Ireland	China	Other	Total
52,859	390,012	147,539	127,110	717,522
(Thousands of US Dollars)				
497,553	3,671,047	1,388,742	1,196,442	6,753,784

(Note) Sales are classified by the customers' location, which is by country or region.

Major customers and related sales amount for the year ended March 31, 2018 are as follows:

(¥ in millions, US\$ in thousands)				
Name of customer	Sales		Related segment	
	¥	\$		
Apple Inc. Group	393,847	3,707,154	Small and medium size display panels	

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18. Guarantees and Commitments

Assets pledged as collateral are as follows:

	(¥ in millions, US\$ in thousands)	
	March 31, 2018	
	¥	\$
Building and structures	121,196	1,140,785
Machinery, equipment and vehicles	94,138	886,088
Land	8,080	76,054
Construction in progress	24,086	226,713
Other(Property, plant and equipment)	567	5,347
Other(Intangible assets)	39	367
Investment securities	12,188	114,731
Total	260,296	2,450,085

Liabilities with collaterals are as follows:

	(¥ in millions, US\$ in thousands)	
	March 31, 2018	
	¥	\$
Advances received	126,295	1,188,780
Short-term loans payable	98,000	922,440
Long-term loans payable	30,000	282,380

19. Allowance for doubtful accounts

The Company recorded allowance for doubtful accounts at an amount corresponding to estimated losses on uncollectible trade receivables from Wintek Corporation (headquartered in Taichung, Taiwan) for the fiscal year ended March 31, 2015. Based on the proposed plan of its reorganization released by the entity on October 23, 2017, allowance for doubtful accounts has been additionally recognized in response to an expected increase in uncollectible portion of the trade receivables.

20. Business structure improvement expenses

Our Group aims to improve profitability by implementing drastic structural reform to streamline the organization. The expenses associated with the structural reform are recorded as business structure improvement expenses.

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The breakdown of the expenses is as follows:

	(¥ in millions, US\$ in thousands)	
	March 31, 2018	
	¥	\$
Impairment loss on non-current assets (Note 1)	103,824	977,268
Loss on restructuring of subsidiaries (Note 2)	15,467	145,586
Loss on valuation of inventories	11,628	109,460
Removal cost of facilities	5,050	47,543
Early extra retirement payment (Note 3)	2,435	22,920
Cost of production transfer	1,134	10,683
Subsidy return loss	700	6,589
Loss on sales of non-current assets	621	5,845
Other	1,397	13,159
Total	142,260	1,339,053

(Note 1) Amounts related to impairment loss on non-current assets are as follows:

Use application	Asset type	Location	(¥ in millions, US\$ in thousands)	
			March 31, 2018	
			¥	\$
Business assets	Building and structures Machinery, equipment and vehicles Lease assets Construction in progress Other property, plant and equipment Other intangible assets	Mobara plant Mobara city, Chiba Prefecture	71,531	673,305
Business assets	Machinery, equipment and vehicles Lease assets Construction in progress Other property, plant and equipment Other intangible assets	Ishikawa Plant Kawakita town, Nomi-gun, Ishikawa Prefecture	5,471	51,506
Business assets	Machinery, equipment and vehicles Lease assets Construction in progress Other property, plant and equipment Other intangible assets	Higashiura Plant Higashiura town, Chita-gun, Aichi Prefecture	2,925	27,532
Business assets	Machinery, equipment and vehicles Construction in progress Other property, plant and equipment Other intangible assets	Philippines	1,657	15,606

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Idle assets	Other intangible assets	Headquarters Minato-ku, Tokyo Metropolis	401	3,774
Idle assets	Other intangible assets	Ebina office Ebina city, Kanagawa Prefecture	4	38
Idle assets	Building and structures Machinery, equipment and vehicles Lease assets Construction in progress Other property, plant and equipment Other intangible assets	Mobara plant Mobara city, Chiba Prefecture	10,751	101,205
Idle assets	Building and structures Machinery, equipment and vehicles Construction in progress Other property, plant and equipment Other intangible assets	Ishikawa Plant Kawakita town, Nomi-gun, Ishikawa Prefecture	4,768	44,880
Idle assets	Building and structures Machinery, equipment and vehicles Construction in progress Other property, plant and equipment Other intangible assets	Nomi Plant Nomi city, Ishikawa Prefecture	1,121	10,552
Idle assets	Machinery, equipment and vehicles Construction in progress Other property, plant and equipment	Tottori Plant Tottori city, Tottori Prefecture	115	1,091
Idle assets	Building and structures Machinery, equipment and vehicles Other property, plant and equipment Other intangible assets	Higashiura Plant Higashiura town, Chita-gun, Aichi Prefecture	21	198
Idle assets	Building and structures Machinery, equipment and vehicles Other property, plant and equipment	Suzhou city Guandong province, China	2,113	19,898
Idle assets	Building and structures Machinery, equipment and vehicles Other property, plant and equipment Other intangible assets	Philippines	2,940	27,683
Total			103,824	977,268

The Company generally classifies its assets into business assets, lease assets and groups idle assets as an independent cash-generating unit.

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In terms of business assets, the business environment of the market for smartphones, the Company's main product, is being intensified in competitiveness since LCD has been replaced by OLED increasingly and Chinese display manufacturers are expanding their production capacity. Due to lower profitability of a part of its manufacturing facilities, the Company has reduced the book value of the assets to the recoverable value, and recorded the reduction of 81,586 million yen (767,949 thousands of US Dollars) (*1) in extraordinary losses.

The recoverable value of the business assets is measured by net realizable value, and the net realizable value is evaluated using some criteria such as the appraisal value.

As the idle assets are no longer expected to be used, the Company has written down the book value of the assets to the recoverable value, and recorded the reduction of 22,237 million yen (209,319 thousands of US Dollars) (*2) in extraordinary losses.

The recoverable amount of the idle assets is zero.

*1. Including 24,609 million yen (231,636 thousands of US Dollars) from machinery, equipment and vehicles, 7,350 million yen (69,183 thousands of US Dollars) from lease assets and 45,408 million yen (427,410 thousands of US Dollars) from construction in progress.

*2. Including 4,273 million yen (40,220 thousands of US Dollars) from buildings and structures, 10,260 million yen (96,574 thousands of US Dollars) from machinery, equipment and vehicles and 4,869 million yen (45,830 thousands of US Dollars) from construction in progress.

(Note 2) "Loss on restructuring of subsidiaries" is an account recorded at estimated amount of losses on sales of two of the Company's subsidiaries, Shenzhen JDI Inc. and Suzhou JDI Devices Inc.

(Note 3) "Early extra retirement payment" is an account related to additional retirement benefits for applicants for voluntary retirement.

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21. Significant Subsequent Events

(Issuance of new shares through a third-party allotment)

At the Board of Directors meetings held on March 30, 2018 and April 10, 2018, the Company resolved to issue new shares through a third-party allotment to overseas institutional investors and NICHIA CORPORATION, and the payment procedures were completed on April 25, 2018.

1. Overview of the third-party allotment

I. Third-party allotment to overseas institutional investors

(1)	Date of payment	April 25, 2018
(2)	Number of new shares issued	209,788,900 common shares
(3)	Amount paid	143 yen (1.35 US Dollars) per share
(4)	Total amount paid	29,999,812,700 yen (282,377,767 US Dollars)
(5)	Amount to be incorporated into capital	71.5 yen (0.65 US Dollars) per share
(6)	Total amount to be incorporated into capital	14,999,906,350 yen (141,188,883 US Dollars)
(7)	Method of offering or allotment	All of the new shares issued were allotted through a third-party allotment to 30 funds of overseas institutional investors.
(8)	Use of proceeds	The proceeds from the third-party allotment are scheduled to be used as additional working capital for mass production of FULL ACTIVE™ and as capital investment for back-end process (module assembly) of FULL ACTIVE™.

II. Third-party allotment to NICHIA CORPORATION

(1)	Date of payment	April 25, 2018
(2)	Number of new shares issued	34,965,000 common shares
(3)	Amount paid	143 yen (1.35 US Dollars) per share
(4)	Total amount paid	4,999,995,000 yen (47,063,208 US Dollars)
(5)	Amount to be incorporated into capital	71.5 yen (0.65 US Dollars) per share
(6)	Total amount to be incorporated into capital	2,499,997,500 yen (23,531,604 US Dollars)
(7)	Method of offering or allotment	All of the new shares issued were allotted through a third-party allotment to NICHIA CORPORATION.
(8)	Use of proceeds	The proceeds from the third-party allotment are scheduled to be used as additional working capital for mass production of FULL ACTIVE™ and as capital investment for back-end process (module assembly) of FULL ACTIVE™.

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2. Change in the total number of issued shares and the amount of capital through the third-party allotment

	Total number of issued shares	Capital	
		¥	\$
Before third-party allotment	601,411,900	96,863,000,000	911,737,614
Before third-party allotment	601,411,900	96,863,000,000	911,737,614
Increase through third-party allotment	244,753,900	17,499,903,805	164,720,487
After third-party allotment	846,165,800	114,362,903,850	1,076,458,101