

[English Translation]

March 30, 2018

Notice Concerning Change to the Policy on Acquisition of Shares (Subsidiarization) of JOLED Inc.

As announced in the press releases titled “Notice Concerning Basic Agreement Regarding Acquisition of Shares (Subsidiarization) of JOLED Inc.” dated December 21, 2016 and “Notice Concerning an Amendment to the Scheduled Dates for the Acquisition of Shares of JOLED Inc. (Subsidiarization)” dated June 7, 2017, Japan Display Inc. (“JDI”) had reached a basic agreement (the “Basic Agreement”) with Innovation Network Corporation of Japan (“INCJ”) and JOLED Inc. (“JOLED”) to enter into a definitive agreement by late June 2018 for JDI’s acquisition of part of the issued shares of JOLED from INCJ to increase JDI’s voting interest in JOLED from its current percentage of 15% to 51% and make JOLED its consolidated subsidiary (“Subsidiarization”). JDI hereby announces that a change to the policy on Subsidiarization was determined at the meeting of its Board of Directors held today.

1. Reason for the change in the policy on Subsidiarization

JDI’s equity-method affiliate JOLED is developing technology to commercialize the printing organic light emitting diode (OLED) display. As shown by JOLED’s commercialization of the printing OLED display for the first time in the world, which began shipping in December 2017, its development activities for mass production are well under way. In order to proceed with capital investment to establish a mass production line, JOLED is engaging in negotiations with investor candidates to seek financing of around 100 billion yen, including funds for the abovementioned investment.

JDI has provided financial support to JOLED and established a framework of support and cooperation in the areas of development and production. In particular, JDI and JOLED have achieved great results in TFT backplane development through collaboration between their respective engineers. JDI outsources certain development activities to JOLED. In addition, JDI and JOLED have entered into a distributorship agreement in order to globally and efficiently execute JOLED’s marketing and sales activities for OLED displays by utilizing JDI’s sales channels and resources, and multiple orders have already been received as a result of this distributorship agreement.

In light of these circumstances, the company’s Board of Directors deliberated at its meeting held today on the relationship between JDI and JOLED, and concluded that JDI and JOLED have a strong cooperative relationship and that JDI has already capitalized on the synergy with JOLED based on this relationship. Accordingly, it was resolved today to cancel the policy on Subsidiarization and to continue the policy to further strengthen the business relationship between JDI and JOLED by, for example, offering technological support to accelerate a ramp-up of mass production of printing OLED, including through secondment of employees from JDI.

JDI has already notified JOLED and INCJ, with whom JDI has signed the Basic Agreement, of this resolution and gained approval. In addition, JDI plans to terminate the Basic Agreement based on consultation with INCJ and JOLED.

JDI today also announced that it has decided to sell its Nomi Plant (Nomi City, Ishikawa Prefecture), which ceased production in December 2017, and related assets to INCJ. INCJ plans to make an in-kind contribution to JOLED Inc. of the Nomi Plant after purchasing it from JDI.

2. Outlook

There will be no financial impact from the change to the policy on Subsidiarization for fiscal year 2017 (i.e., year ending March 31, 2018). It has yet to be determined whether there will be a financial impact from the change to this policy for fiscal year 2018 (i.e., year ending March 31, 2019). JDI will promptly make an announcement if the policy change results in a material impact to its financial performance for fiscal year 2018.

Although an impairment loss on the book value of the Nomi Plant and related assets was already factored into JDI's current restructuring plan for fiscal year 2017, the sale of these assets will enable JDI to avert booking of impairment loss on these assets and maintain shareholders' equity at an amount equal to the sale price, in contrast to previous forecasts. The cost of JDI's structural reforms in fiscal year 2017 is therefore expected to be below the originally forecasted amount of 170 billion yen when the impairment loss on operating plant assets associated with structural reforms and other factors are reexamined, and the sale of the Nomi Plant and related assets will further decrease the structural reform cost.

JDI holds (non-common) class shares of JOLED in addition to common shares as a result of its previous financial support to JOLED. JDI will consider, and consult with JOLED, the conversion of such (non-common) class shares into common shares during the first half of fiscal year 2018.

In order to further strengthen its relationship with JOLED, JDI will continue discussions to further solidify its strategic alliance with JOLED

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Change in Policy Regarding JOLED Stock Acquisition (Subsidiarization)

Change in policy regarding stock acquisition (subsidiarization)

Previous announcement

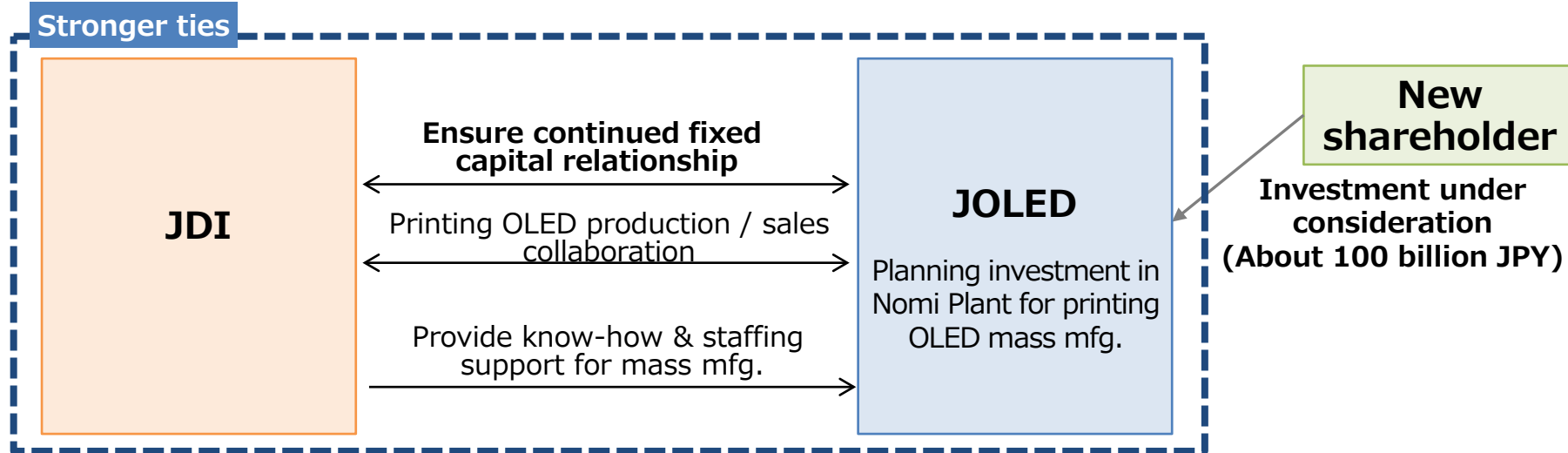
Acquire 51% of JOLED shares to make them become consolidated subsidiary

JOLED considering external financing for printed OLED mass mfg.

New announcement

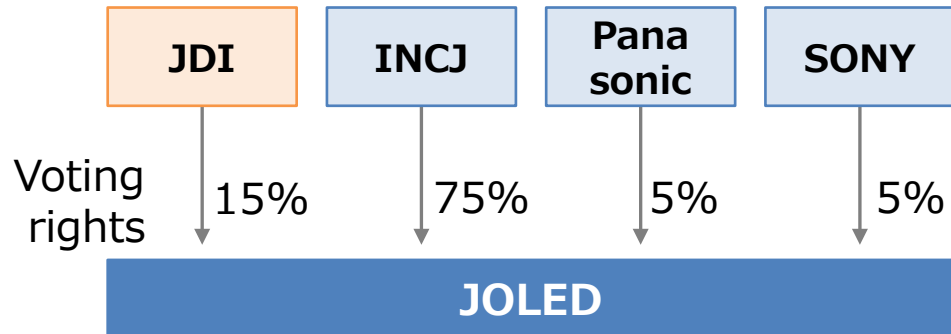
Consolidation policy changed, but business ties to be further strengthened

Future JDI-JOLED relationship after policy change

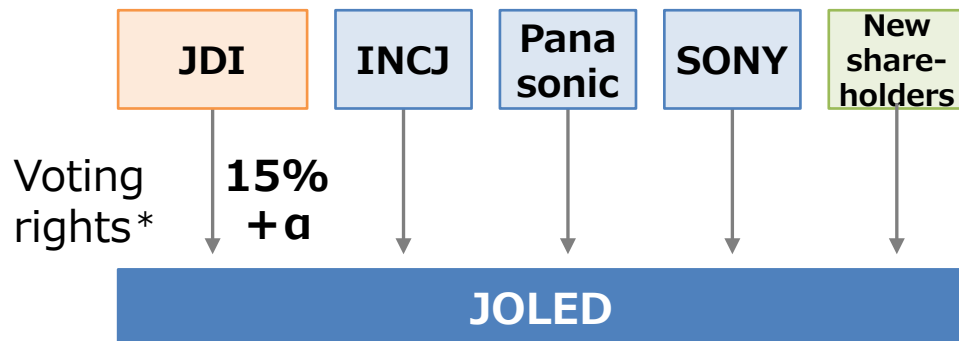


Expected Changes in Capital Structure of JOLED's Financing

Current status



JOLED's new financing



*Each shareholder's voting rights after JOLED's financing has yet to be determined.

Supplementary explanation

- No. of current shareholders: 4 (incl. JDI)
- JDI's share of voting rights: 15%
- JDI holds common stock and class shares
- In addition to 4 current shareholders new shareholders to have voting rights
- Conversion of class shares of JOLED held by JDI into common shares under consideration
- If above conversion gets executed JDI's share of voting rights expected to increase from current 15%
- But participation of new shareholders will probably make consolidation difficult