

**Notice Concerning Conclusion of the Capital and Business Alliance Agreement,
the Business Alliance Basic Agreement, and the Business Alliance MOU,
Issuance of New Shares and Bonds with Stock Acquisition Rights through Third-party Allotment,
a Change in the Parent Company and the Largest Major Shareholder and
Amendment of the Articles of Incorporation**

Japan Display Inc. (the "Company") hereby announces that it has resolved at its meeting of the board of directors as of April 12, 2019 (the "Board of Directors Meeting") to enter into: (i) the CAPITAL AND BUSINESS ALLIANCE AGREEMENT with Suwa Investment Holdings, LLC (the "Expected Allottee") (the "Capital and Business Alliance Agreement"); (ii) the LCD Business Alliance Basic Agreement with TPK Holding Co., Ltd. ("TPK") toward business alliance on LCDs (the "LCD Business Alliance Basic Agreement"); and (iii) a Memorandum of Understanding toward formulating and implementing a business alliance with Harvest Tech Investment Management Co., Ltd. ("Harvest Tech") with respect to a plan for the mass production of evaporation Organic Light Emitting Diode ("OLED") displays (the "OLED Business Alliance MOU"; together with the Capital and Business Alliance Agreement and the LCD Business Alliance Basic Agreement, hereinafter collectively referred to as the "Alliance").

In addition, the Company also announces that it has resolved at the Board of Directors Meeting to raise funds by way of issuance of new shares (the "New Shares") through third-party allotment to the Expected Allottee (the "Third-party Allotment of New Shares"), issuance of the 2nd series bonds with stock acquisition rights (the "2nd Series Bonds with Stock Acquisition Rights;" of which, the portion of the bonds alone shall be hereinafter referred to as the "2nd Series Bonds;" and the portion of the stock acquisition rights alone shall be hereinafter referred to as the "2nd Series Stock Acquisition Rights") through third-party allotment to the Expected Allottee (the "Third-party Allotment of the 2nd Series Bonds with Stock Acquisition Rights") and issuance of the 3rd series bonds with stock acquisition rights (the "3rd Series Bonds with Stock Acquisition Rights;" of which, the portion of the bonds alone shall be hereinafter referred to as the "3rd Series Bonds;" and the portion of the stock acquisition rights alone shall be hereinafter referred to as the "3rd Series Stock Acquisition Rights") through third-party allotment to the Expected Allottee (the "Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights;" together with the Third-party Allotment of New Shares and the Third-party Allotment of the 2nd Series Bonds with Stock Acquisition Rights, hereinafter collectively referred to as the "Third-party Allotment") pursuant to the Capital and Business Alliance Agreement (the "Financing") and to amend its Articles of Incorporation with respect to the total number of shares authorized to be issued in connection with the Financing. The Company further announces that there will be a change in the Company's parent company and its largest major shareholder as a result of the Third-party Allotment.

Please note that the Third-party Allotment is implemented on condition that all of the following conditions

precedent (the "Conditions Precedent") are satisfied: (i) the relevant registration under the Financial Instruments and Exchange Act becomes effective; (ii) the permissions and approvals, etc. of the relevant authorities of each country that are required to implement the Third-party Allotment are obtained; (iii) the following proposals are approved at the Company's annual general meeting of shareholders scheduled to be held in June 2019 (the "General Meeting of Shareholders"): (a) a proposal on the Third-party Allotment and issuance of the Preferred Shares (as defined in "I. Overview of the Alliance, 1. Reason for the Alliance, (2) Reasons why the Company has determined that the Third-party Allotment is the best solution for the Company and its shareholders" below; the same shall apply hereinafter); (b) a proposal on partial amendment of the Articles of Incorporation to increase the total number of shares authorized to be issued and issue the Preferred Shares; and (c) a proposal to elect the Directors Designated by the Expected Allottee (as defined in "I. Overview of the Alliance, 1. Reason for the Alliance, (3) Management Structure after the Third-party Allotment" below). Regarding the permissions and approvals, etc. of the relevant authorities of each country that are required to implement the Third-party Allotment, the Company will disclose them immediately after they have been obtained.

I. Overview of the Alliance

1. Reason for the Alliance

(1) Financial condition of the Company and the need for large-scale capital funds

The Company is mainly engaged in development, design, manufacturing and sale of small to medium sized displays and related products, and started its business in 2012 with the aim of starting up as a global leading company providing small to medium sized displays possessing both technological capabilities and production capacity pursuant to an agreement among the following four companies: Innovation Network Corporation of Japan (its current trade name is INCJ, Ltd.; "INCJ"), 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 to medium sized LCDs have been adopted by many customers, including manufacturers of smartphones, automotive devices and consumer equipment.

However, in the mobile device area, which is the main business of the Company and trades displays for smartphones and tablets, there has been an accelerated movement in recent years to replace displays for high-end smartphones with OLED displays, which make it possible to make displays thinner because they do not use any backlight. Although the Company has sought to establish OLED displays as one of its business areas by investing management resources in such area, it has fallen behind its competitors that have gone ahead in commercialization of OLED displays. Moreover, as the Company's major customers are willing to launch new smartphone models using OLED displays onto the market, the Company's sales to those customers could possibly decrease in the future. In addition, due to economic slowdown in China that has driven the growth of the smartphone market, the prolonged replacement by purchase cycle

of smartphones and other factors, the growth of the smartphone market has stagnated globally and such weak growth is expected to continue in the future. Furthermore, Chinese competitive display manufacturers have intensified their offensive as a result of rapid technological catch-up, including OLED technology, as well as expansion of production capacity supported by the government. This has intensified price competition in the smartphone display market.

Due to such a rapid change in the business environment, the Company is expected to post consolidated net loss also for the fiscal year ending March 2019, which is likely to reduce net assets. If such a deterioration in business performance continues in the future, it is possible that net assets will be further reduced. In addition, the Company's cash flows are sharply worsening accompanying the poor business performance at the present. As in the case of profit, if the sluggishness of business performance like this continues, it can be expected that the Company's financial stability will weaken in the medium to long term.

Consequently, based on the premise that the Company would manage its business operations without any external capital assistance, the Company 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 sometime after April 2019. 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, 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.

The Company has implemented management improvement measures, such as a revision to the business portfolio, a structural reform in the mobile device area and a shift of resources to the automotive and non-mobile device areas, which are growing business areas, and the Company is required to further accelerate these moves in the future. Nonetheless, the Company has concluded that unless its financing is improved drastically through an investment of large-scale capital funds, it is difficult to solve this critical situation. Based on the above, the Company has reached a conclusion: The best option from the perspective of the Company's stable business continuity and future growth strategy is the following: (i) The Company will select new sponsors who can offer to the Company support including the provision of capital funds. (ii) With the assistance from such sponsors, the Company will address its issues in a drastic manner. (iii) On the financial side, the Company will promptly realize (a) securing working capital for current and future business, (b) returning its cash flows to normal, (c) acquiring funds for investment in future growth, and (d) securing net assets to continue business stably, in particular. (iv) On the business side, the Company will promptly realize (a) improving business by combining global supply-chain management functions and broad customer base, (b) commercializing evaporation OLED (Note) displays, and (c) improving the cost structure, among other measures.

Note: Evaporation OLED display is a type of display produced by the method of evaporating the organic

substance that emits light when current is applied and depositing it on the substrate surface. It offers superior freedom of design capabilities (such as being bendable) compared to LCDs and is being adopted for use in high-priced smartphones.

In addition, as announced in the Company's press release dated May 15, 2018, titled "Japan Display Announces the Recording of Business Restructuring and Non-Operating (Foreign Exchange, Equity-Method Losses, Depreciation) Expenses and Restructuring Actions (Workforce Reductions etc.)", the Company has streamlined its business operations through a series of fundamental restructuring measures in order to improve earnings. However, as stated above, the Company's business performance has not yet improved and cash flows have deteriorated, which are considered to require further improvement. Therefore, the Company is formulating a new plan of restructuring toward improving cash flows by reducing fixed cost. Regarding the details of the new plan of restructuring, the Company will disclose them immediately after the Company has decided it.

- (2) Reasons why the Company has determined that the Third-party Allotment is the best solution for the Company and its shareholders

In the small to medium sized display area in which the Company engages, the business environment has been changing or deteriorating rapidly due to the replacement of LCDs with OLED displays for high-end smart phones, global growth slowdown in the smartphone market, intensified price competition with the rise of competitors in China, and other factors. In addition, as described in "(1) Financial condition of the Company and the need for a large-scale capital funds" above, as a result of a drastic change in the business environment, etc., the Company's cash flow and profitability have deteriorated sharply. 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. Based on the above, from the perspective of the Company's stable business continuity and future growth strategies, the Company has concluded that it is the best option to select new sponsors who can offer to the Company support including the provision of capital funds, thereby promptly and radically addressing its financial and business issues with assistance from such sponsors.

In the process of selecting sponsors, the Company adopted a bidding procedure from the viewpoint of obtaining the best conditions for its business continuity and, eventually, maximizing the share value of its shareholders. The Company contacted a number of business investors and financial investors in Japan and overseas in addition to the Suwa Consortium (Note), and discussed the possibility of support for the Company. As a result, from the viewpoint of both financial and business support to the Company, the Company has determined that it is the best option to appoint Suwa Consortium as a sponsor to improve its corporate value and for the benefit of its shareholders as well in light of the Company's present situation.

(Note) Suwa Consortium is a group of companies that was formed to take part in the Company's strategic

partner selection process by TPK, a major touch-panel company listed on the Taiwan Stock Exchange (Location: No.13-18, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City, Taiwan Representative: Michael Chao-Juei Chiang (Chairman)); Harvest Tech (Location: 53F, Shanghai Two ifc, 8 Century Avenue, Pudong New Area, Shanghai, China Representative: Henry Zhao, PhD (Chairman)), an investment company that provides private equity management and is a member of Harvest Group, which is headquartered in Beijing and one of the largest asset management company groups in China; and Cosgrove Global Limited (Location: 14F No 237 Sec 1 Chien-kuo S Rd Taipei City Taiwan Representative: Tsai Ming Chung (Director)), which is an investment company operated and managed by a family office of the Tsai family based in Taiwan, the founding family of Fubon Financial Holding Co., Ltd., a major financial holding company in Taiwan ("CGL"). Moreover, the Expected Allottee is a company that the Suwa Consortium established for the Third-party Allotment. In order to complete the establishment of the Suwa Consortium by the time the Capital and Business Alliance Agreement is executed, the Expected Allottee was established with China Silkroad Investment Capital Ltd. (of which Winston Henry Lee is the representative) as its only shareholder. However, based on agreement within Suwa Consortium, TPK, a fund formed by Harvest Tech ("Harvest Fund") (the details of which are undecided), CGL, and Topnotch Corporate Limited (Location: 14F No 237 Sec 1 Chien-Kuo S Rd Taipei City Taiwan Representative: Tsai Ming Chung (Director)), which is an investment company operated and managed by a family office of the Tsai family based in Taiwan as well as CGL (together with CGL, "CGL Group") will make investments and become investors of the Expected Allottee prior to the implementation of the Third-party Allotment. The Company will disclose the details immediately after they have been decided. Although China Silkroad Investment Capital Ltd. is in charge of establishing and operating the Expected Allottee, he is not scheduled to be an investor of the Expected Allottee at the time of implementing the Third-party Allotment.

As stated above, on January 12, 2019, the Company positioned the Suwa Consortium as a leading and priority candidate in the sponsor selection process. The terms and conditions presented by the Suwa Consortium, however, are premised on the assumption that not only will the Third-party Allotment result in a large-scale dilution of the Company's existing shares, but also shares will be issued on favorable terms, which will seriously affect the Company's shareholders, thus, the Company carefully examined them. With regard to the terms and conditions of the Third-party Allotment, the Company discussed and negotiated with the Suwa Consortium in an attempt to increase the amount paid in per share in order to maximize the shareholders' interests. Specifically, the price of JPY 50 per share is a significant discount from the latest Company's market share price and falls under the favorable issuance, as it is particularly advantageous to the Expected Allottee, and if the Third-party Allotment falls under the favorable issuance, it will have a large impact on the Company's existing shareholders. Therefore, the Company had repeatedly negotiated with the Suwa Consortium to set the issue price within a range that does not fall in

the favorable issuance, based on the market price of the Company's common shares. However, from the perspective of shareholders' interests, it was a top priority to ensure provision of large-scale capital funds from a sponsor who will promptly and stably provide capital funds and contribute to the improvement of the corporate value, and the Company could not reach an agreement with the Suwa Consortium on the amount paid in per share without the favorable issuance applied.

Meanwhile, the Company is continuing to discuss the business alliance with the Suwa Consortium the details of which are as follows. The Company has determined that it is the best solution to implement such business alliance in terms of future growth strategies and maximization of corporate value.

If matters that need to be disclosed arise regarding these business alliances, the Company will disclose them immediately.

① Business alliance with TPK concerning LCD business

The purpose of the business alliance with TPK is to build a cooperative structure in the LCD area to jointly maximize each other's corporate value, through combining the Company's customer base and advanced technology for LCD products with TPK's global supply-chain management functions and broad customer base.

The Company believes that through this business alliance, it can utilize TPK's management resources to expand its business in an intensified market competition environment especially in China, while TPK believes it will be able to expand its LCD businesses. Accordingly, the Company has determined that the business alliance will contribute to enhancing the corporate value of both companies.

As a result, the Company and TPK have agreed to promote a business alliance concerning LCD business, and for this purpose, concluded the LCD Business Alliance Basic Agreement on April 12, 2019.

② Business alliance with Harvest Tech concerning the plan to mass produce evaporation OLED displays

The Company and Harvest Tech have agreed to continue to discuss realizing a business alliance concerning the plan to mass produce evaporation OLED displays.

The purpose of the business alliance with Harvest Tech is to build a strategic partnership aimed at establishing and accelerating commercialization of mass production technology for OLED displays, as stated in the announcement titled "Structural Reform & Outline of Medium-Term Management Plan" that the Company issued on August 9, 2017. The goal is to become a leading company in the design, manufacture and sales of OLED displays combining the Company's technology and Harvest Tech's

fundraising capacity. The Company believes that promoting the discussion toward formulating and implementing the plan of mass production is extremely significant to achieve the Company's medium to long-term growth, considering that the replacement of LCDs with OLED displays for high-end smartphones is continuing. Therefore, the Company and Harvest Tech have agreed to promote the discussion toward formulating and implementing the plan to mass produce evaporation, and for this purpose, concluded the OLED Business Alliance MOU on April 12, 2019. The provisions in the OLED Business Alliance MOU are legally non-binding, and its final details are under negotiation between the Company and Harvest Tech. The Company will disclose them immediately after they have been decided.

Also, in separate discussions between the Suwa Consortium and INCJ, INCJ has expressed the following intentions: (i) INCJ does not enforce any rights and remedies regarding change of control clauses included in INCJ's existing support, (ii) the Company implements refinancing by way of a new loan and preferred shares, and (iii) INCJ provides a bridge loan until the payment of the Third-party Allotment. The Company believes that all of this financial support could not have been secured based on the premise the Company would manage its business operations without any external capital assistance. Based on discussions between the Suwa Consortium and INCJ, the Company concluded a Memorandum of Understanding (the "MOU") with INCJ and the Expected Allottee as of April 12, 2019 for implementation of each of the measures (i) to (iii). For details of the MOU, please refer to the following.

Considering the Third-party Allotment is premised on the assumption that not only will it result in a large-scale dilution of the Company's existing shares but fall under the favorable issuance, which will seriously affect the Company's shareholders, the Company implemented the following measures to secure the fairness, transparency and objectivity of the Third-party Allotment:

- (i) Obtaining of the valuation report and Fairness Opinion from an independent third-party financial advisor
Based on the results of discussions and negotiations with the Expected Allottee, in determining the amount paid for the New Shares, the 2nd Series Bonds with Stock Acquisition Rights, and the 3rd Series Bonds with Stock Acquisition Rights, and also as a reference for the shareholders to exercise their voting rights at the General Meeting of Shareholders, the Company has requested that Akasaka International Tax and Co., a third-party financial advisor, submit the valuation report of the shares of the Company, the valuation report of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights, and a written opinion (the "Fairness Opinion") stating that the amount to be paid for the New Shares, the 2nd Series Bonds with Stock Acquisition Rights, and the 3rd Series Bonds with Stock Acquisition Rights is reasonable to the shareholders of the Company excluding the Expected Allottee from a financial perspective, and has obtained them from Akasaka International Tax and Co. Akasaka International Tax and Co., which is a third-party financial advisor, is not a related party of the Company and the Expected Allottee, and has no material interest that should be stated in connection with the Third-party Allotment.

(ii) Obtaining of a written opinion from an independent third party

Not only does the Third-party Allotment entail a large-scale dilution of the Company's shares and the change of the controlling shareholders, but the amount paid for the New Shares will be a significant discount from the latest Company's market share price. Therefore, in order to ensure the fairness, transparency and objectivity of the Company's decision-making process based on the impact on its existing shareholders, the Company selected Mr. Katsuhiko Shirai, Mr. Kazuhiko Shimokobe and Mr. Takahisa Hashimoto, as directors of the Company (all of whom are the outside directors and have been registered with the Tokyo Stock Exchange as Independent Directors of the Company), and requested them to provide an opinion with regards to the Third-party Allotment as a person who maintains certain independence from the Company's management. They provided the opinion for the Third-party Allotment as of today.

Based on the above, the Company has determined that from the perspective of obtaining support from both viewpoints of finance and business, the terms and conditions that the Suwa Consortium offers are the best option to improve our corporate value and for the benefit of its shareholders as well in light of the Company's present situation. Therefore, the Company concluded the Capital and Business Alliance Agreement with the Expected Allottee as of April 12, 2019.

The Company, INCJ, and the Expected Allottee have executed the MOU dated April 12, 2019, based on discussions between Suwa Consortium and INCJ, aiming to receive INCJ's various support. An outline of the matters provided in the MOU is as follows:

① INCJ does not enforce any rights and remedies regarding change of control clauses included in INCJ's existing support

The Company has currently received from INCJ support by way of (i) the subordinated loan in the amount of JPY 30 billion, (ii) the joint and several guarantee (the "Joint Guarantee") for securing JDI's borrowings under the commitment line agreement executed between the Company and three banks in the amount of JPY 107 billion (the "Commitment Line Agreement"), (iii) the short-term loan dated December 26, 2018, in the amount of JPY 20 billion (the "Short-term Loan"), and (iv) the 1st series unsecured subordinated convertible bonds with stock acquisition rights of JDI in an outstanding amount of JPY 25 billion (the "1st Series Bonds with Stock Acquisition Rights"; together with (i), (ii), and (iii), the "INCJ Existing Support").

Each of the INCJ Existing Support includes a so-called change of control clause. Therefore, when the Third-party Allotment is implemented, the Third-party Allotment can meet the change of control clauses; and the Company may have to immediately repay the debts or implement the retirement by purchase of the INCJ Existing Support subject to INCJ's request.

In this situation, the MOU provides that INCJ does not enforce any rights and remedies regarding the change of control clauses included in the INCJ Existing Support when the Third-party Allotment is implemented.

② The Company implements refinancing by way of a new loan and preferred shares

Since each of the due dates of the Commitment Line Agreement and the Short-term Loan will come soon, in order to secure a long-term stabilization fund, and improve the Company's financial structure through raising the capital adequacy ratio by way of converting part of the debt to equity, the Company intends to procure from INCJ the following new support, regarding which the details are partially changed from the details of the INCJ Existing Support:

Specifically, the MOU provides that INCJ agrees to provide the Company with support in the total amount of JPY 152 billion under a new JPY 77 billion loan and through the subscription of third-party allotments of the preferred shares in the amount of JPY 75 billion (the "Preferred Shares"; collectively, the "INCJ New Support"), and the Company shall immediately repay the existing debts or implement the retirement by purchase of the Commitment Line Agreement in the amount of JPY 107 billion as the secured debt of the Joint Guarantee, the Short-term Loan in the amount of JPY 20 billion, and the 1st Series Bonds with Stock Acquisition Rights in the outstanding amount of JPY 25 billion, each of which is included in the INCJ Existing Support, using the total amount of JPY 152 billion that the Company will procure through the INCJ New Support.

③ INCJ provides a bridge loan until the payment of the Third-party Allotment

As stated in "II. The Issuance of New Shares and Bonds with Stock Acquisition Rights through Third-party Allotment, 1. Amount, use and intended timing of expenditure of funds to be raised, (2) Specific use and intended timing of expenditure of funds to be raised" below, while the payment of the Third-party Allotment will be implemented after June 2019, the Company will need to secure the fund necessary to continue the Company's business from April 2019 until the payment of the Third-party Allotment. The MOU provides that the Company and INCJ enter into an additional bridge loan agreement so that INCJ may lend the necessary funds to the Company.

The provisions in the MOU above are legally non-binding. The final details are under negotiation between the Company and INCJ and will be finally agreed in April 2019. The Company will disclose and submit the documents under the Financial Instruments and Exchange Act again when finally agreed. The details of the Preferred Shares that the Company intends to allocate to INCJ are as follows:

Total issue price	JPY 75,000,000,000
-------------------	--------------------

Dividend	Pari passu ranking with the shareholders who have common shares (the "Common Shareholders").
Distribution of residual assets	In the case where the Company distributes the residual assets, the shareholders who have the Preferred Shares (the "Preferred Shareholders") are entitled to receive an amount equal to the invested amount in preference to the Common Shareholders; and the remaining proceeds thereafter, if any, will be shared pro-rata by Common Shareholders and Preferred Shareholders.
Voting right	The Preferred Shareholders have no voting rights.
The Preferred Shareholders' right to request the Company to acquire the Preferred Shares in exchange for money	The Preferred Shareholders can request that the Company acquire the Preferred Shares in exchange for money in the same amount of the amount paid for the Preferred Shares after the third anniversary of the issuance of the Preferred Shares.
The Company's right to acquire the Preferred Shares	The Company can acquire all of the Preferred Shares in exchange for money in the same amount of the amount paid for the Preferred Shares at any time.
The Preferred Shareholders' right to request the Company to acquire the Preferred Shares in exchange for the common shares	The Preferred Shareholders can request that the Company acquire the Preferred Shares in exchange for the common shares after the first anniversary of the issuance of the Preferred Shares, within two weeks after every Company quarterly earnings release. The conversion price shall be the closing price of the shares of the Company prevailing in the stock market on the previous trading day at the market close, but no less than JPY 225 per share.
Transfer restrictions	<p>INCJ shall not transfer or offer to transfer any of the Preferred Shares, or converted common shares of the Company to (i) any Restricted Transferee, or (ii) any third party who would have more than 20% of the voting rights of JDI calculated on a fully diluted basis after the acquisition of such shares, in each case without obtaining the prior written consent of the Expected Allottee, which consent shall not be unreasonably refused or withheld.</p> <p>"Restricted Transferee" means (i) any company or entity that is reasonably deemed a competitor of the Company or TPK, and (ii) any person that directly or indirectly controls, is controlled by, or is under common control with, the company or entity set out in (i) above.</p>
Ownership restriction	INCJ shall not own more than 25% of the voting shares of the Company, including the Preferred Shares, without obtaining the prior written consent of the Expected Allottee; however, the Expected Allottee shall not unreasonably withhold acceptance of such consent.

(Note) The above are the details provided in the MOU and subject to change from now onward.

When the right to request the Company to acquire the Preferred Shares in exchange for the common shares included in the Preferred Shares is exercised and the common shares of the Company are issued, a certain dilution might occur. However, considering (i) the dilution does not occur immediately because the conversion from the Preferred Shares to the common shares of the Company only becomes possible after the first anniversary of the issuance of the Preferred Shares, (ii) the Preferred Shares have no voting rights, (iii) the Company intends to implement the retirement by purchase of the 1st Series Bonds with Stock Acquisition Rights in exchange for the issuance of the Preferred Shares resulting in the potential shares relating to the 1st Series Bonds with Stock Acquisition Rights ceasing to exist, the Company believes that the influence on the existing shareholders of the Company is controlled.

At the time of the execution of the MOU, the Company requested that Akasaka International Tax & Co., a third-party financial advisor, provide a price valuation of the Preferred Shares and the submission of a fairness opinion in consideration of the terms and conditions of the Preferred Shares provided in the MOU, because the issuance of the Preferred Shares is implemented together with the Third-party Allotment as a series of transactions and the terms and conditions of the issuance of the Preferred Shares are provided in the MOU. Akasaka International Tax & Co. submitted the class shares valuation report dated April 12, 2019.

According to the class shares valuation report above, Akasaka International Tax & Co. calculated that the fair value of the Preferred Shares ranges from JPY 78.8 to JPY 86.2 per JPY 100 as the Preferred Shares, using the binomial model, which is a general model for the valuation of the share options, based on a certain premise when considering market circumstances as of April 11, 2019, the valuation date.

Also, the Company obtained the fairness opinion from Akasaka International Tax & Co. that the amount paid for the Preferred Shares is reasonable to the shareholders of the Company excluding the Company and INCJ from a financial perspective.

The Company considers that the terms and conditions of the Preferred Shares are fair because the range per JPY 100 as the Preferred Shares calculated by Akasaka International Tax & Co. is lower than JPY 100, when the Company issues the Preferred Shares subject to the terms and conditions provided in the MOU.

(3) Management structure after the Third-party Allotment

The Company agrees with the Expected Allottee in the Capital and Business Alliance Agreement that (i) the Company proposes to the General Meeting of Shareholders to elect the candidates of the directors designated by the Expected Allottee (the "Directors Designated by the Expected Allottee") as the directors

after the Third-party Allotment, (ii) the number of Directors Designated by the Expected Allottee becomes the majority of the directors after the Third-party Allotment, and (iii) the approval of the proposal to the General Meeting of Shareholders to elect the Directors Designated by the Expected Allottee comprises the condition precedent of the Third-party Allotment. Regarding the specific structure of the board of directors after the Third-party Allotment including the Directors Designated by the Expected Allottee, the Company will disclose it immediately after the Company has decided it.

2. Details of the Alliance, etc.
- (1) Details of the business alliance
- ① Business alliance with TPK concerning LCD business

As stated in "1. Reason for the Alliance, (2) Reasons why the Company has determined that the Third-party Allotment is the best solution for the Company and its shareholders" above, the Company held discussions with TPK that resulted in the Company and TPK agreeing to develop a business alliance relating to LCD business. Accordingly, the two companies concluded the LCD Business Alliance Basic Agreement on April 12, 2019.

Under the LCD Business Alliance Basic Agreement, the Company and TPK will combine the Company's customer base and advanced technology for LCD products with TPK's global supply-chain management functions as well as broad customer base, to enable the Company and TPK to build a cooperative structure in the LCD area and jointly maximize each other's corporate value.

If matters that need to be disclosed arise regarding the business alliance, the Company will disclose them immediately.

As market competition intensifies especially in China, the Company believes that the business alliance will enable the Company to expand its business by utilizing the management resources of TPK, and that TPK will be able to expand the LCD business. Thus, the Company believes that this business alliance will contribute to enhancing the corporate value of both companies.

- ② Business Alliance with Harvest Tech concerning the plan to mass produce evaporation OLED displays

As stated in "1. Reason for the Alliance, (2) Reasons why the Company has determined that the Third-party Allotment is the best solution for the Company and its shareholders" above, the Company held discussions with Harvest Tech that resulted in the Company and Harvest Tech agreeing to continue the discussion toward realizing a business alliance relating to a plan to mass produce evaporation OLED displays. Accordingly, the two companies concluded the OLED Business Alliance MOU on April 12, 2019.

The purpose of the OLED Business Alliance MOU is to build a strategic partnership aimed at establishing, and accelerating commercialization of, mass production technology for OLED displays. The goal is to become a leading company in the design, manufacture and sales of OLED displays combining the Company's technology and Harvest Tech's fundraising capacity.

The provisions in the OLED Business Alliance MOU are legally non-binding, and its final details are under negotiation between the Company and Harvest Tech. The Company will disclose them immediately after they have been decided.

(2) Details of the capital alliance

The Company will allot the Expected Allottee the New Shares, the 2nd Series Bonds with Stock Acquisition Rights, and the 3rd Series Bonds with Stock Acquisition Rights by the Third-party Allotment. For details of the Third-party Allotment, please refer to Schedules 1, 2, and 3. Also, for the shareholding ratio of the Expected Allottee after the Third-party Allotment, please refer to "II. The issuance of New Shares and Bonds with Stock Acquisition Rights through Third-party Allotment, 2. Major Shareholders and Their Shareholding Ratios after the Third-Party Allotment".

3. Outline of the Other Parties to the Alliance

① Expected Allottee

(1) Name	Suwa Investment Holdings, LLC	
(2) Registered address	23 Lime Tree Bay Avenue, Grand Cayman KY1-1104, Cayman Islands	
(3) Title and name of representative	Winston Henry Lee (the name on the registration: LEE Heng) (Director)	
(4) Description of business	Holding Company	
(5) Capital	USD 1	
(6) Date of incorporation	March 27, 2019	
(7) Total number of outstanding shares	N/A	
(8) Fiscal year-end	December 31	
(9) Number of employees	0	
(10) Main business partner	N/A	
(11) Main bank	N/A	
(12) Major shareholder and its shareholding ratio (as of April 12, 2019)	China Silkroad Investment Capital Ltd. 100.0%	
(13) Relationship with the Company	Capital relationship	N/A
	Personnel relationship	N/A

	Transaction relationship	N/A
	Status as a related party	N/A

(Note) 1 The table above is as of April 12, 2019. The investors of the Expected Allottee will be TPK (investment ratio: 41.8%), Harvest Fund (investment ratio: 34.5%), and CGL Group (investment ratio: 23.6%), will replace China Silkroad Investment Capital Ltd. (of which Winston Henry Lee is the representative) in its entirety prior to the implementation of the Third-party Allotment of New Shares and the Third-party Allotment of the 2nd Series Bonds with Stock Acquisition Rights. The Company will disclose it immediately after it has been decided. For details of TPK, Harvest Fund and CGL Group (collectively the "Expected Investors"), please refer to "I. Overview of the Alliance, 1. Reason for the Alliance, (2) Reasons why the Company has determined that the Third-party Allotment is the best solution for the Company and its shareholders".

2 The Expected Allottee represents and warrants to the Company that none of the Expected Allottee, its main Expected Investors and their officers is or belongs to any Antisocial Forces, or has any relationship with any Antisocial Forces under the Capital and Business Alliance Agreement or a separate letter. Also, the Company independently requested for Nardello & Co. GK, a third party specialized investigation body, to investigate whether the Expected Allottee, its main Expected Investors and their officers are or belong to any Antisocial Forces, or have any relationship with any Antisocial Forces, and has received an investigation report from Nardello & Co. GK. In the investigation report, it is not mentioned that any of the Expected Allottee, its main Expected Investors or their officers is or belongs to any Antisocial Forces, or has any relationship with any Antisocial Forces. Based on the above, the Company has determined that the Expected Allottee, its main Expected Investors and their officers have no relationship with any Antisocial Forces, and submitted the confirmation letter stating this to the Tokyo Stock Exchange.

② TPK

(1) Name	TPK Holding Co. Ltd.
(2) Registered address	No.13-18, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City, Taiwan
(3) Title and name of representative	Michael Chao-Juei Chiang, Chairman
(4) Description of business	Manufacture, sale, research and development of touch-panels
(5) Capital	TWD 4,066,637,590 (JPY 14,665,119,329) (as of December 31, 2018)
(6) Date of incorporation	November 21, 2005
(7) Total number of outstanding shares	406,663,759 shares (as of December 31, 2018)
(8) Fiscal year-end	December 31
(9) Number of employees	23,942 (as of December 31, 2018)
(10) Main business partners	Apple, Microsoft, Amazon
(11) Main banks	Standard Chartered Bank (Taiwan) Ltd. Bank of China

(12)	Major shareholder and its shareholding ratio (as of January 31, 2019)	Michael Chiang and his family	19.81%
(13)	Relationship with the Company	Capital relationship	N/A
		Personnel relationship	N/A
		Transaction relationship	N/A
		Status as a related party	N/A
(14)	Business performance and financial conditions for the last 3 years (thousand TWD, except where otherwise specified)		
	Fiscal year ending in December 2016	Fiscal year ending in December 2017	Fiscal year ending in December 2018
Consolidated net assets	29,412,199 (JPY 106,066 million)	37,170,619 (JPY 134,045 million)	37,241,709 (JPY 134,301 million)
Consolidated total assets	87,683,387 (JPY 316,204 million)	82,978,312 (JPY 299,237 million)	83,967,605 (JPY 302,804 million)
Consolidated net assets per share (TWD)	85 (JPY 307)	91 (JPY 328)	91 (JPY 330)
Consolidated net sales	89,216,284 (JPY 321,732 million)	107,208,482 (JPY 386,616 million)	113,481,508 (JPY 409,237 million)
Consolidated operating income	Δ1,871,659 (JPY Δ6,750 million)	2,610,969 (JPY 9,416 million)	Δ199,012 (JPY Δ718 million)
Consolidated ordinary income	Δ1,243,099 (JPY Δ4,483 million)	3,275,911 (JPY 11,814 million)	696,007 (JPY 2,510 million)
Consolidated current net income	Δ1,503,967 (JPY Δ5,424 million)	2,386,036 (JPY 8,605 million)	364,734 (JPY 1,315 million)
Consolidated net income per share (TWD)	Δ4.27 (JPY Δ15.40)	6.63 (JPY 23.91)	0.55 (JPY 1.98)
Dividend per share (TWD)	-	3 (JPY 10.82)	-

(Note) Regarding the conversion into JPY above, it is converted at the Telegraphic Transfer Middle Rate as of April 11, 2019, JPY 1 = TWD 0.2773.

③ Harvest Tech

(1)	Name	Harvest Tech Investment Management Co., Ltd.
(2)	Registered address	53F, Shanghai Two ifc, 8 Century Avenue, Pudong New Area, Shanghai, China
(3)	Title and name of representative	Henry Zhao, PhD Chairman
(4)	Description of	Private Equity Investment

	business		
(5)	Capital	CNY 100,000,000 (JPY 1,654,000,000) (as of March 12, 2019)	
(6)	Date of incorporation	August 24, 2015	
(7)	Total number of outstanding shares	-	
(8)	Fiscal year-end	December 31	
(9)	Number of employees	11 (as of March 12, 2019)	
(10)	Main business partner	-	
(11)	Main bank	Shanghai Pudong Development Bank Co., Limited	
(12)	Major Shareholder and its shareholding ratio (as of March, 2019)	Harvest Investment Management Co., Ltd 100.0%	
(13)	Relationship with the Company	Capital relationship	N/A
		Personnel relationship	N/A
		Transaction relationship	N/A
		Status as a related Party	N/A
(14)	Business performance and financial conditions for the last 3 years (CNY)		
	Fiscal year ending in December 2016	Fiscal year ending in December 2017	Fiscal year ending in December 2018
Consolidated net assets	51,448,000 (JPY 850,950 thousand)	22,233,000 (JPY 367,734 thousand)	7,026,000 (JPY 116,210 thousand)
Consolidated total assets	55,930,000 (JPY 925,082 thousand)	35,682,000 (JPY 590,180 thousand)	38,970,000 (JPY 644,564 thousand)
Consolidated net assets per share	-	-	-
Consolidated net sales	-	-	-
Consolidated operating income	275,000 (JPY 4,549 thousand)	4,514,000 (JPY 74,662 thousand)	2,351,000 (JPY 38,886 thousand)
Consolidated ordinary income	-	-	-
Consolidated net income	Δ16,027,000 (JPY Δ265,087 thousand)	Δ16,779,000 (JPY Δ277,525 thousand)	15,207,000 (JPY 251,524 thousand)
Consolidated net income per	-	-	-

share			
Dividend per share	-	-	-

(Note) Regarding the conversion into JPY above, it is converted at the Telegraphic Transfer Middle Rate as of April 11, 2019, CNY 1 =JPY 16.54.

4. Schedule

(1)	Date of resolution of board of directors meeting	April 12, 2019
(2)	Date of the execution of the Alliance	April 12, 2019
(3)	Date of the General Meeting of Shareholders	June 18, 2019 (scheduled)
(4)	Payment period of the Third-party Allotment of New Shares and the Third-party Allotment of the 2nd Series Bonds with Stock Acquisition Rights	Any day in the period from June 20, 2019 to December 30, 2019 (Note 1)
(5)	Payment period of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights	Any day in the period from June 20, 2019 to December 30, 2019 (Note 2)

- (Note) 1. The payment of the Third-party Allotment of New Shares and the Third-party Allotment of the 2nd Series Bonds with Stock Acquisition Rights is implemented on condition that all of the Conditions Precedent are satisfied.
2. The payment of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights is implemented on condition that (i) all of the Conditions Precedent are satisfied, (ii) the Company does not make a prior written notice to the Expected Allottee in the specified manner, stating that the proceeds of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights are not necessary, and (iii) the procurement of the funds necessary for the payment of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights by the Expected Allottee is completed.

II. The Issuance of New Shares and Bonds with Stock Acquisition Rights through Third-party Allotment

1. Amount, use and intended timing of expenditure of funds to be raised

(1) Amount of funds to be raised

① Total amount to be paid	JPY 80,000 million
② Estimated issuance expenses	JPY 789 million
③ Estimated net proceeds	JPY 79,210 million

- (Note) 1. Estimated issuance expenses consisted of financial advisor's fees to Nomura Securities Co., Ltd. (Location: 1-9-1 Nihonbashi, Chuo-ku, Tokyo, Japan. Representative: Toshio Morita (President)), attorney's fees, the fees for the valuation of the shares of the Company, the 2nd Series Bonds with Stock Acquisition Rights, and the 3rd Series Bonds with Stock Acquisition Rights, and other costs (including fees related to (i) the documentation of the Securities Registration Statement, (ii) the bank fee of the bank which handles the payment, (iii) the investigation to verify if there is any relation with Antisocial Forces, and (iv) the registration), related to the Third-party Allotment.
2. Estimated issuance expenses do not include consumption tax, etc.

(2) Specific use and intended timing of expenditure of funds to be raised

The Company plans to use the proceeds of the Third-party Allotment (JPY 79,210,800,000) for the following purposes. Such proceeds will be managed in a bank account until paid for the use below.

Specific use	Amount (JPY million)	Intended timing of expenditure
① Working capital (including capital expenditure required for business. As stated below, a portion will be used for repayment of the debt.)	38,000	April, 2019~March, 2021
② R&D expenses in growth businesses	9,210	April, 2019~March, 2021
③ Capital investment in growth businesses	32,000	April, 2019~March, 2021

① Working capital (including capital expenditure required for business)

In the second half of FY 2018 (ending March 2019), the Company expected to see a significant increase in demand for its slim bezel display FULL ACTIVE™ (Note). However, due to a slump in the smartphone market that was seen to be the result of an economic slowdown in China, the prolongation of the smartphone life cycle and other factors, demand for the Company's displays, especially FULL ACTIVE™, fell significantly below the Company's initial expectations after November 2018. For this reason, the Company's full-year net sales forecast for FY 2018 announced on May 15, 2018 (an increase of 10-20% compared with the previous fiscal year) was lowered on November 12 to an increase of 5-15%. Later, however, as demand further declined, the sales forecast was revised again on February 14, 2019 to show a decline of approximately 10% compared with the previous fiscal year. Demand has not recovered since the

post-November 2018 drop in demand despite product sales promotion campaigns run by smartphone makers. Along with the reduction of the full-year net sales forecast, the Company also lowered its May 15, 2018 forecast of a full-year operating margin of 2-3% to 1-2% on November 12, 2018, and a further revision made on February 14, 2019 newly forecast a full-year operating loss of more than 20 billion yen. In addition, the Company was aiming to achieve a net profit in FY 2018, but due to the above-mentioned decline in net sales and operating income, a net loss is now expected.

(Note) FULL ACTIVE™ is a LCD with a slim bezel on all four sides of the display.

Due to such rapid changes in the business environment, the Company's cash flow has been rapidly deteriorating. More specifically, based on the premise that the Company would manage its business operations without any external capital assistance, the minimum required cash position (on a consolidated basis) for the current working capital (including capital expenditures required for business) to maintain the Company's ability to remain a going business concern has been determined to be about JPY 35 billion. The Company cannot deny the possibility of falling below this level sometime after April 2019. 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 Company cannot procure large-scale capital funds in the near future, the deterioration of its cash position may make it difficult to remain in business.

Accordingly, the Company will allocate JPY 38 billion of the proceeds from the Third-party Allotment for use in working capital, with the intent of (i) improving its finances, which have deteriorated because payment has preceded or has exceeded the income from sales due to demand fluctuation, and the inventory level has fluctuated, (ii) normalizing cash flow, and (iii) achieving the Company's stable business continuity.

In addition, as stated below, to secure the funds necessary to continue the Company's business from April 2019 until the payment of the Third-party Allotment, the Company will borrow the necessary funds from INCJ under a bridge loan agreement. The debt that the Company will actually incur under the bridge loan agreement will be repaid using part of the proceeds from the Third-party Allotment and the funds secured by additional cash flow improvement measures (including improvement of the business earning capacity, improvement of the transaction conditions, and other financial measures) planned to be implemented before the implementation of the Third-party Allotment. Therefore, in fact, part of JPY 38 billion stated above (the amount of which is undecided) will be used for repayment of the debt that the Company will actually incur under the bridge loan agreement.

② R&D expenses in growth businesses

The Company has been developing element technologies of evaporation OLED displays for more than a decade going back to work done by predecessor companies before the Company was founded. In order to accelerate the establishment of mass production technology for OLED displays, a pre-production line installed at the Mobara Plant (Mobara city, Chiba Prefecture) is used as a development facility, where the examination of evaporation OLED displays is being conducted for mass production purposes. The Company's evaporation OLED display technology uses a revolutionary OLED layer forming method called Advanced SBS method. This method provides advantages in terms of high resolution and low-power consumption compared to such existing technologies as the SBS method and the WOLED method. As a result, customers hold the view that they are willing to purchase them if they are commercialized soon.

Although the Company has been promoting the development of element technologies for evaporation OLED displays as described above, it has not yet established mass production technology and has not situated this technology as a business area within the company as of today. Therefore, after current financing has been secured, cash flow normalized and net assets secured for the purpose of stable business continuity, the establishment and continuous improvement of mass production technology is needed in order to establish evaporation OLED displays as a main area of business, and is considered to be indispensable from the viewpoint of the Company's medium to long-term growth and maximization of corporate value. Accordingly, the Company will allocate JPY 5 billion of the proceeds from the Third-party Allotment to the R&D cost for mass production of evaporation OLED display, in order to accelerate the establishment of the technology.

In addition, the Company will allocate approximately JPY 4.2 billion of the proceeds from the Third-party Allotment to virtual reality (VR), which is expected to see future market expansion; sensor applications, which are likely to see a broad range of applications in light of growing social concerns about more reliable personal authentication; and development of next-generation display technologies, which are vital for the Company to continue as a display manufacturer. In doing so, the Company will continue to develop future technologies while also developing new application markets.

③ Capital investment in growth businesses

The Company is continuing to work on the development of the above-described evaporation OLED display mass production technology and is in the final stage of development. The Company's goal in FY 2019 is to begin small-quantity commercial production of products using this technology on the Mobara Plant's pre-production line.

The Company plans to allocate JPY 10 billion of the proceeds from the Third-party Allotment to capital

investment for mass production of evaporation OLED displays on the pre-production line in the Mobara Plant using the technology to monetize such displays.

In addition, after current financing has been secured, cash flow normalized and net assets secured for the purpose of stable business continuity, the Company believes that continuous growth in the automotive area, which is more profitable and stable than the mobile business, is essential from the viewpoint of medium to long-term growth and maximization of corporate value. The Company believes that the best option is to carry out capital investment to expand production of automotive products in order to maximize future profits in the automotive area.

- (Note)1 Along with solid growth prospects for the entire automotive market (source: Techno System Research, April 2018 issue), the substitution of Low-Temperature Poly-Silicon ("LTPS") LCDs (Note 2) for conventional Amorphous Silicon LCDs (Note 3) is in progress. In addition to this business environment, the Company believes that its possession of advanced technology and know-how for LTPS LCDs, a long record of doing business with customers, ownership of production lines exclusive to the automotive products and possession of printing OLED display technology through its equity-method investment in JOLED Inc. represent competitive advantages in the automotive area.
- 2 Low-Temperature Poly-Silicon LCDs are LCDs using poly-silicon (polycrystalline silicon) instead of amorphous (non-crystalline) silicon used conventionally. The characteristics of it are such that the transistor can be miniaturized, which can create the displays of high resolution and slim bezels compared to amorphous silicon.
- 3 Amorphous silicon LCDs are LCDs using amorphous (non-crystalline) silicon. The characteristics of it are such that it can be manufactured with low film-forming temperature, which makes it possible to manufacture it on glass substrates. Due to this, it can be manufactured with lower cost than before.

Therefore, the Company plans to allocate JPY 12 billion of the proceeds from the Third-party Allotment to capital investment for production expansion of automotive products.

Furthermore, JPY 10 billion of the proceeds from the Third-party Allotment is planned to be used for capital investment aimed at mass production on the pre-production line in the Mobara Plant in new business areas such as VRs, sensors and next-generation displays, for which R&D is promoted using the proceeds from the Third-party Allotment.

Regarding each use of the funds above, the intended timing of payment is estimated to be after April 2019. However, because payment of the Third-party Allotment is implemented on condition that the Conditions Precedent are satisfied, the payment will be implemented after June 2019. To secure the fund necessary

to continue the Company's business from April 2019 until the payment of the Third-party Allotment, the Company and INCJ enter into a bridge loan agreement so that INCJ may lend the necessary funds to the Company, which is provided in the MOU (for details of the MOU, please refer to "I. Overview of the Alliance, 1. Reason for the Alliance, (2) Reasons why the Company has determined that the Third-party Allotment is the best solution for the Company and its shareholders"). The Company will disclose the execution of the bridge loan agreement immediately after it has been executed. The debt that the Company will actually incur under the bridge loan agreement will be repaid using part of the proceeds from the Third-party Allotment and the funds secured by additional cash flow improvement measures (including improvement of the business earning capacity, improvement of the transaction conditions, and other financial measures) planned to be implemented before the implementation of the Third-party Allotment. The execution terms of the bridge loan agreement are being negotiated between the Company and INCJ. If the Company cannot borrow the funds from INCJ as expected, or continue to borrow the funds from INCJ until the payment of the Third-party Allotment, the deterioration of its cash position may make it difficult to remain in business.

Also, the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights is implemented on condition that the Company does not make a prior written notice to the Expected Allottee in the specified manner, stating that the proceeds of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights are not necessary. Therefore, where the Company concludes that it no longer needs the proceeds, the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights will not be implemented. On the other hand, the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights is implemented also on condition that the procurement of the funds necessary for payment of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights by the Expected Allottee is completed. Therefore, where the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights is not implemented as expected because the Expected Allottee cannot procure the funds necessary for the payment of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights by the end of the payment period of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights, the Company allocates the proceeds from the Third-party Allotment of New Shares and the Third-party Allotment of the 2nd Series Bonds with Stock Acquisition Rights for (i) working capital, (ii) the R&D expenses for mass production technology of evaporation OLED displays and the technology of next-generation displays and the like, and (iii) capital investment for mass production of products using the pre-production line in the Mobara Plant of evaporation OLED displays and automotive products, and capital investment for new business areas in this order. Regarding procurement of the funds necessary for payment of the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights by the Expected Allottee, the Company will disclose it immediately after the Expected Allottee has completed it. Furthermore, since the funds necessary for (iii) capital investment for mass production of products using the pre-production line in the Mobara Plant of evaporation OLED displays and automotive products, and capital investment for new business areas will be insufficient, the Company will secure the

funds using additional financial measures. Also, if the Third-party Allotment of the 3rd Series Bonds with Stock Acquisition Rights is not implemented as expected, the deterioration of its cash position may cause the Company's business growth to slow down.

2. Major Shareholders and Their Shareholding Ratios after the Third-party Allotment

(1) After the issuance of the New Shares

Before the offering (as of March 31, 2019)		After the offering (not including shares to be delivered through an exercise of the 2nd Series Stock Acquisition Rights and the 3rd Series Stock Acquisition Rights)	
INCJ Ltd.	25.29%	Suwa Investment Holdings, LLC	49.82%
GOLDMAN SACHS INTERNATIONAL	7.82%	INCJ Ltd.	12.69%
NICHIA CORPORATION	4.13%	GOLDMAN SACHS INTERNATIONAL	3.92%
Sony Corporation	1.26%	NICHIA CORPORATION	2.07%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1.16%	Sony Corporation	0.63%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.12%	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	0.58%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.10%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	0.56%
Haneda Turtle Service Co., Ltd.	0.97%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.55%
Akio Utsumi	0.93%	Haneda Turtle Service Co., Ltd.	0.49%
The Master Trust Bank of Japan, Ltd. (Trust Account)	0.83%	Akio Utsumi	0.47%

- (Note) 1 The table above is based on the shareholders register as of March 31, 2019.
- 2 The shareholding ratios are rounded off to the second decimal place.
- 3 The shareholding ratios after the offering are calculated by dividing the number of shares to be owned after the offering by the number of shares (1,686,165,800 shares) that adds the number of shares to be newly issued through the Third-party Allotment of New Shares (840,000,000 shares) to the total number of issued and outstanding shares of the Company (846,165,800 shares) as of March 31, 2019.
- 4 Effissimo Capital Management Pte. Ltd. submitted the Report of Possession of Large Volume (the Change Report) dated on April 11, 2019. However, the Company cannot confirm the substantial ownership as of today. Therefore, the table above does not include Effissimo Capital Management Pte. Ltd.

(2) After the issuance of the New Shares, and conversion of all the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights

Before the offering (as of March 31, 2019)		After the offering (including shares to be delivered through an exercise of the 2nd Series Stock Acquisition Rights and the 3rd Series Stock Acquisition Rights)	
INCJ Ltd.	25.29%	Suwa Investment Holdings, LLC	65.41%

GOLDMAN SACHS INTERNATIONAL	7.82%	INCJ Ltd.	8.75%
NICHIA CORPORATION	4.13%	GOLDMAN SACHS INTERNATIONAL	2.70%
Sony Corporation	1.26%	NICHIA CORPORATION	1.43%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1.16%	Sony Corporation	0.44%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.12%	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	0.40%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.10%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	0.39%
Haneda Turtle Service Co., Ltd.	0.97%	Japan Trustee Services Bank, Ltd. (Trust Account 5)	0.38%
Akio Utsumi	0.93%	Haneda Turtle Service Co., Ltd.	0.34%
The Master Trust Bank of Japan, Ltd. (Trust Account)	0.83%	Akio Utsumi	0.32%

- (Note) 1 The table above is based on the shareholders register as of March 31, 2019.
- 2 The shareholding ratios are rounded off to the second decimal place.
- 3 The shareholding ratios after the offering are calculated by dividing the number of shares to be owned after the offering by the number of shares (2,446,165,800 shares) that adds (i) the number of shares to be newly issued through the Third-party Allotment of New Shares (840,000,000 shares), (ii) the number of shares subject to the 2nd Series Stock Acquisition Rights attached to the 2nd Series Bonds with Stock Acquisition Rights (360,000,000 shares), and (iii) the number of shares subject to the 3rd Series Stock Acquisition Rights attached to the 3rd Series Bonds with Stock Acquisition Rights (400,000,000 shares), to the total number of issued and outstanding shares of the Company (846,165,800 shares) as of March 31, 2019.
- 4 The same as Note 4 in "(1) After the issuance of the New Shares" above.

3. Conditions of the Issuance of New Shares and Bonds with Stock Acquisition Rights

For the conditions of the New Shares, the 2nd Series Bonds with Stock Acquisition Rights, and the 3rd Series Bonds with Stock Acquisition Rights, please refer to Schedules 1, 2, and 3 respectively.

Schedule 1

Japan Display Inc.
Condition of the New Shares

- (1) Class of shares to be issued

Common Stock
- (2) New shares to be issued

840,000,000 shares
- (3) Issue price

50 yen per share
- (4) Total proceeds

42,000,000,000 yen
- (5) Amount of capital to be increased

21,000,000,000 yen
- (6) Amount of capital reserve to be increased

21,000,000,000 yen
- (7) Method of offering

Shares will be allotted through third-party allotment
- (8) Allottee

Suwa Investment Holdings, LLC
- (9) Payment period

From June 20, 2019 to December 30, 2019

Schedule 2

Japan Display Inc.

Conditions of the 2nd Series Unsecured Convertible Bonds with Stock Acquisition Rights

This condition applies to the 2nd series unsecured convertible bonds with stock acquisition rights (hereinafter referred to as the “2nd Bonds with Stock Acquisition Rights” with only the stock acquisition rights portion thereof referred to as the “2nd Stock Acquisition Rights” and only the bond portion thereof referred to as the “2nd Bonds”) issued by the resolution of the board of directors as of April 12, 2019 of Japan Display Inc. (hereinafter referred to as the “Company”)

1 Face value of 2nd Bonds

18,000,000,000 yen

2 Amount of each 2nd Bond

100,000,000 yen

3 Form

A bond certificate will not be issued in respect of each 2nd Bonds.

4 Transfer of the 2nd Stock Acquisition Rights or the 2nd Bonds

The 2nd Stock Acquisition Rights may not be transferred separately from the 2nd Bonds pursuant to the main clause of paragraph (2) of Article 254 of the Companies Act, and the 2nd Bonds may not be transferred separately from the 2nd Stock Acquisition Rights pursuant to the main clause of paragraph (3) of Article 254 of the Companies Act.

5 Interest rate of the 2nd Bonds

The 2nd Bonds will accrue no interest.

6 Issue price of the 2nd Bonds

100 yen per each 100 yen of each 2nd Bonds; provided, however, that no cash payment shall be required in

exchange for the 2nd Stock Acquisition Rights.

7 Redemption price of the 2nd Bonds

100 yen per each 100 yen of each 2nd Bonds or the price stated in subparagraphs (2), (3), and (4) of paragraph 10 below in case of the early redemption.

8 Security or guarantee

The 2nd Bonds are not secured by any property or guaranteed. There is no asset particularly reserved for security thereof.

9 No bond managers

There is no bond manager of the 2nd Bonds because the 2nd Bonds fulfill the condition stated in the proviso of Article 702 of the Companies Act.

10 Redemption method and period

(1) The Company will redeem all of the principal of the 2nd Bonds on the day five years after the allotment date of the 2nd Bonds with the Stock Acquisition Rights; provided, however, that the Company will redeem the 2nd Bonds pursuant to subparagraphs (2), (3), and (4) in case of the early redemption or subparagraph (6) in case of the purchase.

(2) Early Redemption due to Corporate Event

(a) In the case where (i) a Corporate Event (as defined below) is approved by the Company's shareholders meeting (or, where a resolution of a shareholders meeting is not necessary, at a meeting of the board of directors of the Company) or determined by another organization which has the authority to determine it under the Companies Act, and (ii) the Company has delivered to the holders of the 2nd Bonds, on or prior to the date of occurrence of the relevant Corporate Event, a certificate with the signature of the Company's representative stating that the Company does not currently anticipate that the New Obligor (as defined below) will be a listed company in Japan as of the effective date of the Corporate Event for any reason stated in such certificate, the Company shall give not less than 30 days' prior notice to the holders of the 2nd Bonds with the Stock Acquisition Rights, to redeem all, but not some only, of the 2nd Bonds then outstanding at 100 yen per each 100 yen of each 2nd Bonds, on the date specified for redemption in such

notice, which is the date on or prior to the effective date of such Corporate Event (hereinafter referred to as the “Corporate Event Effective Date”); provided, however, that where the relevant Corporate Event Effective Date will come in less than 30 days after the approval or determination of such Corporate Event (hereinafter referred to as the “the Approval Day of the Corporate Event”), the date falling not earlier than 30 days from the date of such notice).

- (b) “Corporate Event” collectively means any (i) absorption-type merger (*kyushu gappei*) of the Company into any other corporation, (ii) corporate split (*shinsetsu bunkatsu* or *kyushu bunkatsu*) in which the Company’s obligations under the 2nd Bonds are to be transferred to or assumed by the New Obligor and the New Obligor will deliver new stock acquisition rights instead of the 2nd Stock Acquisition Rights, (iii) circumstance where the Company becomes a wholly-owned subsidiary of another corporation by way of share exchange (*kabusiki-koukan*) or share transfer (*kabushiki-iten*) or (iv) other corporate reorganization procedures then provided for under Japanese law in which the Company’s obligations under the 2nd Bonds are to be transferred to or assumed by the corporation which is the counterparty.
- (c) “New Obligor” collectively means any (i) surviving company in an absorption-type merger or a newly established company in a consolidation-type merger (only in case where the Company is disappeared by such merger), (ii) company in which the rights and obligations are transferred to or assumed by through a corporate split (*shinsetsu bunkatsu* or *kyushu bunkatsu*), (iii) company becoming a wholly-owning parent company of another corporation by way of a share exchange (*kabushiki-kokan*) or share transfer (*kabushiki-iten*), or (iv) company in which the obligations under the 2nd Bonds are to be transferred to or assumed through other corporate reorganization procedures then provided for under Japanese law.
- (d) The Company may not cancel the early redemption by the notice stated in (a) above after giving such notice.

(3) Redemption on Delisting

- (a) In the event where (i) any offer is made by a party or parties (the “Offeror”) other than the Company in accordance with the Financial Instruments and Exchange Act of Japan to all holders of the Company’s shares to acquire all or a portion of the Company’s shares, (ii) the Company expresses its opinion to support such offer, (iii) the Company or the Offeror publicly announces or admits that the Company’s shares may cease to be listed on all the

financial instruments exchanges the Company's shares are listed on, as a result of the acquisition of the Company's shares pursuant to the offer (unless the Company or the Offeror publicly expresses its intention to use its best endeavors to continue such listing after such acquisition), and (iv) the Offeror acquires any Company's shares pursuant to the offer (including only the case where the offer succeeds on the last day of the term of such offer), then the Company shall, having given notice to the holders of the 2nd Bonds with the Stock Acquisition Rights within 15 days after the date of the acquisition of those Company's shares pursuant to the offer (which means the date when the payment for the offer starts, the same applies hereinafter), redeem all, but not some only, of the 2nd Bonds then outstanding at 100 yen per each 100 yen of each 2nd Bonds on the date specified for redemption in such notice which is the day falling not earlier than 30 days, nor later than 60 days, from the date of such notice.

- (b) Notwithstanding (a) above, if the Company or the Offeror publicly announces by the last day of the term of such offer that it intends to effect a Corporate Event after the date of acquisition of any Company's shares pursuant to the offer, then (a) above shall not apply. In this case, if the Approval Day of the Corporate Event will not come within 60 days after the acquisition of the Company's shares pursuant to the offer, the Company shall, within 15 days after the last day of such 60-days period, give notice to the holders of the 2nd Bonds with the Stock Acquisition Rights, to redeem all, but not some only, of the 2nd Bonds then outstanding at 100 yen per each 100 yen of each 2nd Bonds, on the date specified for redemption in such notice which is the date falling not earlier than 30 days, nor later than 60 days, from the date of such notice.
- (c) In the event where both the situation stated in subparagraph (2) above and that stated in (a) and (b) above occurs at the same time, the 2nd Bonds will be redeemed pursuant to subparagraph (2) above; provided, however, that in the event where the situation stated in subparagraph (2) above occurs and the notice under (a) or (b) above is given before the Approval Day of the Corporate Event, the 2nd Bonds will be redeemed pursuant to this subparagraph (3).
- (d) The Company may not cancel the early redemption by the notice stated in (a) or (b) above after giving such notice.

(4) Redemption by notice

The Company may, from time to time, give not less than 2 weeks' prior notice to the holders of the 2nd Bonds with the Stock Acquisition Rights (which notice shall be irrevocable), and redeem

all, but not some only, of the 2nd Bonds then outstanding at 100 yen per each 100 yen of each Bonds on the redemption date, after the allotment date of the 2nd Bonds with the Stock Acquisition Rights.

- (5) In the event where the redemption date (including the date specified in the notice stated in subparagraphs (2), (3), and (4) in cases where the early redemption is conducted pursuant to such subparagraphs) is not a banking-business day, the redemption shall be conducted on the date immediately before the original redemption date.
- (6) The Company may, from time to time, purchase any 2nd Bonds with the Stock Acquisition Rights by the agreement between the Company and the holders of the 2nd Bonds with the Stock Acquisition Rights unless otherwise specified by laws after a day falling not earlier than one day from the Payment Date (defined in paragraph 18 below). If the Company cancels the 2nd Bonds with the Stock Acquisition Rights purchased by the Company, the Company may cancel neither the 2nd Bonds separately from the 2nd Stock Acquisition Rights nor the 2nd Stock Acquisition Rights from the 2nd Bonds.

11 Matters concerning the 2nd Stock Acquisition Rights

- (1) Number of the 2nd Stock Acquisition Rights with the 2nd Bonds

One 2nd Stock Acquisition Right is attached to one 2nd Bond, and the Company issues 180 2nd Stock Acquisition Rights.

- (2) Issue price of the 2nd Stock Acquisition Rights

No cash payment shall be required in exchange for the 2nd Stock Acquisition Rights.

- (3) Class and calculation method of number of shares upon exercise of the 2nd Stock Acquisition Rights.

The class of shares to be acquired upon exercise of the 2nd Stock Acquisition Rights is the shares of common stock of the Company. Upon the exercise of the 2nd Stock Acquisition Rights, the number of the Company's shares by the issuance or the disposition of treasury shares by the Company shall be the number to be obtained by dividing the aggregate of the principal amount of the 2nd Bonds attached by the exercised 2nd Stock Acquisition Rights by the Conversion Price set out in (b) of subparagraph (6) below. In this case, any fraction of a share resulting from the exercise of the 2nd Stock Acquisition Rights shall be rounded down and no cash adjustment shall

be made. In the case where shares of less than one unit are generated by the exercise of the 2nd Stock Acquisition Rights, such shares of less than one unit shall be settled in cash, assuming that the holder of such shares of less than one unit exercises the right to demand that the Company purchase its shares of less than one unit pursuant to the Companies Act.

(4) Exercise period of the 2nd Stock Acquisition Rights

The holders of the 2nd Stock Acquisition Rights attached to the 2nd Bonds with the Stock Acquisition Rights (hereinafter referred to as the “Holders of the 2nd Stock Acquisition Rights”) may, from time to time, exercise the 2nd Stock Acquisition Rights on the date falling not earlier than one year, nor later than 5 years, from the allotment date of the 2nd Bonds with the Stock Acquisition Rights, and request that the Company deliver the Company’s shares of common stock stated in subparagraph (3) above; provided, however, that the 2nd Stock Acquisition Rights may not be exercised (i) on the shareholder determination date and the day immediately before such date, (ii) in the period from six business days prior to the early redemption date to such date in case where the early redemption is conducted pursuant to subparagraphs (2), (3), and (4) of paragraph 10 before the date falling not later than 5 years from the allotment date, and (iii) in the period set forth in the notice given to the Holders of the 2nd Stock Acquisition Rights by the Company, which may not exceed one month, in the event where the stock acquisition rights of the New Obligor are delivered in a Corporate Event, and where the Company reasonably determines that the suspension of the exercise of the 2nd Stock Acquisition Rights is necessary and gives prior written notice stating necessary matters including the suspension period to the Holders of the 2nd Stock Acquisition Rights.

Hereinafter, the “Exercise Period” means the period in which the Holders of the 2nd Stock Acquisition Rights may exercise the 2nd Stock Acquisition Rights pursuant to this subparagraph (4).

(5) Other Conditions for the Exercise of the 2nd Stock Acquisition Rights

(a) If the number of the issued shares surpasses that of the authorized shares as of the exercise date by the exercise of the 2nd Stock Acquisition Rights, such exercise may be prohibited.

(b) No 2nd Stock Acquisition Rights may be exercised in part.

(6) Assets to be contributed upon exercise of the 2nd Stock Acquisition Rights and Amount thereto

(a) The assets to be contributed upon exercise of each 2nd Stock Acquisition Right shall be the

2nd Bonds, and the amount thereto shall be equal to the issue price of each 2nd Bonds.

(b) The price used in calculating the number of the common stocks of the Company delivered by the exercise of the 2nd Stock Acquisition Rights (hereinafter referred to as the “Conversion Price”), (in the case where subparagraph (13) below applies, the price used in calculating the number of the common stocks of the New Obligor delivered by the exercise of the 2nd New Stock Acquisition Rights (as defined in (a) of subparagraph (13) below) is 50 yen, provided, however, that the Conversion Price may be adjusted pursuant to subparagraphs (7), (8), and (9).

(7) (a) The Conversion Price shall be adjusted in accordance with the following formula (hereinafter referred as to the “Conversion Price Adjusted Formula”) when the number of the issued shares is changed or is likely to be changed pursuant to the things stated in (b) below, after the issuance of the 2nd Bonds with the Stock Acquisition Rights.

$$\begin{array}{r}
 \text{Conversion Price} \\
 \text{after adjustment} \\
 = \\
 \text{Conversion Price} \\
 \text{before adjustment} \\
 \times \\
 \frac{\begin{array}{r} \text{Number of} \\ \text{shares} \\ \text{already} \\ \text{issued} \end{array} + \frac{\begin{array}{r} \text{Number of} \\ \text{shares to be} \\ \text{delivered} \end{array} \times \begin{array}{r} \text{Paid-in amount} \\ \text{per share} \end{array}}{\begin{array}{r} \text{Current Market Price per Share} \\ + \text{Number of shares to be delivered} \end{array}}
 \end{array}$$

(b) With regard to the adjustment of the Conversion Price by the Conversion Price Adjusted Formula and the timing to apply the Conversion Price after adjustment, the followings are applied;

a) In the event where the Company issues the common stocks of the Company at a price less than the Current Market Price (as defined in (c) of subparagraph (8) below) (excluding the issuance of the common stocks of the Company by the resolution of the meeting of the board of directors as of April 12, 2019), the Conversion Price after adjustment is applied after the next day of the payment date; provided, however, that in case where there is a record date to grant entitlement to the allotment of shares to the Company’s shareholders, the Conversion Price after adjustment is applied after the next day of such record date.

b) In the event where the Company conducts a stock split of the common stocks of

the Company or the allotment of the common stocks of the Company without contribution, the Conversion Price after adjustment is applied after the next day of the record date of the stock split or after the next day of the effective date of such allotment; provided, however, that in the case where there is a record date to grant entitlement to the allotment of shares to the Company's shareholders without contribution, the Conversion Price after adjustment is applied after the next day of such record date.

- c) In the event where the Company issues (i) shares of a class where the Company shall deliver its common shares pursuant to requests of shareholders of such class of shares at a price less than the Current Market Price, (ii) shares of a class where the Company may acquire such class shares in exchange for delivering its common shares at a price less than the Current Market Price, (iii) stock acquisition rights where the Company may acquire such stock acquisition rights in exchange for delivering its common shares at a price less than the Current Market Price (including bonds with the stock acquisition rights), or (iv) stock acquisition rights where the Company shall deliver its common shares at a price less than the Current Market Price (including those with bonds with the stock acquisition rights) (hereinafter referred as to the collectively "Shares with the Rights to Acquire Common Stocks") (excluding the issuance of the bonds with the Stock Acquisition Rights by the resolution of the meeting of the board of directors of the Company as of April 12, 2019), the Conversion Price after adjustment is calculated, assuming that the original conditions are applied to the Shares with the Rights to Acquire Common Stocks, and applied after the next day of (i) the payment date (or the allotment date in the case of stock acquisition rights or bonds with the stock acquisition rights), or (ii) the effective date of the allotment without contribution; provided, however, that in the case where there is a record date to grant entitlement to the allotment of shares to the Company's shareholders, the Conversion Price after adjustment is applied after the next day of such record date.
- d) Notwithstanding the foregoing a), b), and c), in the event where the Company allots to its shareholders the common stock or the Shares with the Rights to Acquire Common Stocks and where the record date related to such allotment is prior to (i) the day when such allotment is approved by its shareholder meeting, the meeting of the board of director or other organization, or (ii) the day when such allotment is determined by the representative of the Company, the Conversion Price after adjustment is applied after the next day of the approval or

the determination; provided, however, that the Company delivers the number of the common stocks calculated by the following formula after the day of the approval or the determination to the Holders of the 2nd Stock Acquisition Rights who exercise the 2nd Stock Acquisition Rights on the date falling not earlier than the next day of such record date nor later than the day of the approval or the determination. In this case, subparagraph (17) is applied.

$$\text{Number of Shares} = \frac{\left(\begin{array}{c} \text{Conversion Price} \\ \text{before adjustment} \end{array} - \begin{array}{c} \text{Conversion Price} \\ \text{after adjustment} \end{array} \right) \times \begin{array}{c} \text{Number of Shares} \\ \text{delivered within} \\ \text{the period by the} \\ \text{Conversion Price} \\ \text{before adjustment} \end{array}}{\text{Conversion Price after adjustment}}$$

In this case, any fraction of a share resulting from the exercise of the Stock Acquisition Rights shall be rounded down and no cash adjustment shall be made.

- (8) The following rules applies to the adjustment of the Conversion Price.
- (a) The adjustment of the Conversion Price is not conducted as long as the difference between the Conversion Price after adjustment calculated by the Conversion Price Adjusted Formula and the Conversion Price before adjustment is less than 1 yen; provided, however, that if matters that require the Company to adjust the Conversion Price occur, the price obtained by deducting the difference from the Conversion Price before adjustment is used in the calculation of the Conversion Price instead of the Conversion Price before Adjustment in the Conversion Price Adjusted Formula.
 - (b) In the Conversion Price Adjusted Formula, the Conversion Price after adjustment is calculated to two decimal places and rounded off at the second decimal place.
 - (c) The Current Market Price used in the Conversion Price Adjusted Formula is the average of the last reported trading prices (including the indicate price display) of the regular way of the common stocks on Tokyo Stock Exchange for a period of 30 consecutive business days (except for the day without the last reported trading prices) from 45 days prior to the day when the Conversion Price after adjustment is applied (or the record date stated in d) of (b) of subparagraph (7) above). In this case, the average is calculated to two decimal places and rounded off the second decimal place.

- (d) the “number of shares already issued” used in the Conversion Price Adjusted Formula is the number calculated by the following formula:

(the number of the issued common stocks of the Company as of the day corresponding to the record date to grant entitlement to the allotment of shares to the Company’s shareholders (if not applicable, the day when the Conversion Price after adjustment is applied) (in the case where the last month does not contain the corresponding day, the last day of such month)) – (the number of the common stocks held by the Company as of such date) + (the number of the common stocks of the Company not delivered but assumed that such common stocks include the number of the delivered common stocks of the Company pursuant to subparagraphs (7), (8), and (9))

In the event where the stock split of the common stocks of the Company is conducted, the number of the common stocks allotted to the Company’s common stocks held by the Company as of the record date may not be included in the number of the delivered common stocks used in the Conversion Price Adjusted Formula.

- (9) The Conversion Price shall also be adjusted from time to time on the occurrence of the following events in addition to the cases of subparagraphs (7) and (8) above.
- (a) Reverse stock splits, a decrease of the capital or the capital reserved, mergers (excluding the case when the Company is not a surviving company), share exchanges, or corporate splits
 - (b) the events when the number of issued shares of the Company is changed or is likely to be changed other than (a) above
 - (c) the events where the adjustment of the Conversion Price is necessary in order to allot another class of shares to the Company’s shareholders without contribution
 - (d) the event where it is necessary to take into consideration the effect of one event on the Current Market Price used when calculating the Conversion Price after adjustment under the other event, including the case where two or more events requiring the Company to adjust the Conversion Price occur in close proximity.
- (10) In the event when the Company adjusts the Conversion Price pursuant to subparagraphs (7), (8), and (9) above, the Company gives prior written notice to the holders of the 2nd Bonds with the Stock Acquisition Rights stating the necessary matters, including the details of the adjustment

of Conversion Price, Conversion Price before adjustment, Conversion Price after adjustment, and the applicable date; provided, however, that if the Company can not give such notice by the day immediately before the applicable date including the case for d) of (b) of subparagraph (7) above, the Company shall give such notice as soon as possible after the applicable date.

- (11) Amount of capital and capital reserved to be increased by the issuance of shares upon the exercise of the 2nd Stock Acquisition Rights

The amount of capital to be increased when shares are issued upon the exercise of the 2nd Stock Acquisition Rights shall be one-half of the “maximum capital and other increased amount,” as calculated pursuant to Article 17 of the Regulation on Corporate Accounting, with any fraction of less than one yen being rounded up. The amount of capital reserved to be increased shall be the amount obtained by deducting from the maximum capital and other increased amount the amount of capital so increased.

- (12) Acquisition of the 2nd Stock Acquisition Rights

There is no rule regarding to the acquisition of the 2nd Stock Acquisition Rights by the Company.

- (13) Succession of the 2nd Stock Acquisition Rights by the New Obligors in the case of the Company’s Corporate Event

- (a) In the event where the Company effects a Corporate Event (including only the case where the common stocks of the New Obligor are delivered to the Company’s shareholders), the Company shall deliver the stock acquisition rights of the New Obligor whose details are stated in (b) below (the “2nd New Stock Acquisition Rights”) to the remaining Holders of the 2nd Stock Acquisition Rights as of the date immediately before the Corporate Event Effective Date, except for the event of the early redemption of the 2nd Bonds pursuant to subparagraph (2) or (4) of paragraph 10. In this case, the 2nd Stock Acquisition Rights disappear on the Corporate Event Effective Date, and the obligations of the 2nd Bonds are transferred to the New Obligor (hereinafter, the “2nd Transferred Bonds”). The 2nd New Stock Acquisition Rights become the stock acquisition rights with the 2nd Transferred Bonds, and the Holders of the 2nd Stock Acquisition Rights become holders of the 2nd New Stock Acquisition Rights. This condition regarding the 2nd Stock Acquisition Rights applies to the 2nd New Stock Acquisition Rights.
- (b) The following is the substance of the 2nd New Stock Acquisition Rights

a) Number of the 2nd New Stock Acquisition Rights

The number of 2nd New Stock Acquisition Rights to be delivered will be equal to the number of the 2nd Stock Acquisition Rights outstanding immediately prior to the Corporate Event Effective Date.

b) Class of Shares Subject to the 2nd New Stock Acquisition Rights

Common stock of the New Obligor

c) Method of calculating the number of shares subject to the 2nd New Stock Acquisition Rights

The number to be obtained by dividing the aggregate of the amount of the 2nd Transferred Bonds with the exercised 2nd New Stock Acquisition Rights by the Conversion Price. In this case, any fraction of a share shall be rounded down and no cash adjustment shall be made. In the case where shares of less than one unit are generated by the exercise of the 2nd New Stock Acquisition Rights, such shares less than one unit shall be settled in cash, assuming that the holder of such shares of less than one unit exercises the right to demand that the Company purchase its shares of less than one unit pursuant to the Companies Act.

d) Conversion Price of the 2nd Transferred Bonds with the 2nd New Stock Acquisition Rights

The Conversion Price of the 2nd Transferred Bonds attached by the 2nd New Stock Acquisition Rights is determined in order for the Holders of the 2nd Stock Acquisition Rights to obtain the same economic value as that obtained by the Holders of the 2nd Stock Acquisition Rights, assuming that such Holders exercise the 2nd Stock Acquisition Rights immediately before the Corporate Event Effective Date. The Conversion Price of the 2nd Transferred Bonds with the 2nd New Stock Acquisition Rights after the Corporate Event Effective Date is adjusted pursuant to subparagraphs (7), (8), and (9) above.

e) Description and Amount of Assets to be Contributed upon the Exercise of the 2nd New Stock Acquisition Rights

Upon the exercise of each 2nd New Stock Acquisition Right of the New Obligor, the 2nd Transferred Bonds attached by the 2nd New Stock Acquisition Rights shall be contributed, and the value of assets to be contributed upon the exercise of the 2nd New Stock Acquisition Rights of the New Obligor shall be the price equal to the principal amount of the 2nd Bonds.

f) Exercise period of the 2nd New Stock Acquisition Rights

The exercise period shall be from the Corporate Event Effective Date (in the event where the suspension period is determined pursuant to (c) of this paragraph (13), the Corporate Event Effective Date or the next business day of the last day of the suspension period, whichever is later) up to the last day of the Exercise Period of the 2nd Stock Acquisition Rights determined under subparagraph (4).

g) Amount of capital and capital reserved to be increased by the issuance of shares upon the exercise of the 2nd New Stock Acquisition Rights

The amount of capital to be increased when shares are issued upon the exercise of the 2nd New Stock Acquisition Rights shall be one-half of the “maximum capital and other increased amount,” as calculated pursuant to Article 17 of the Regulation on Corporate Accounting, with any fraction of less than one yen being rounded up. The amount of capital reserved to be increased shall be the amount obtained by deducting from the maximum capital and other increased amount the amount of capital so increased.

h) Other Conditions for the Exercise of the 2nd New Stock Acquisition Rights

No 2nd New Stock Acquisition Rights of the New Obligor may be exercised in part.

i) Acquisition of the 2nd New Stock Acquisition Rights

There is no rule regarding the acquisition of the 2nd New Stock Acquisition Rights by the Company.

- (14) The reception of the exercise request of the 2nd Stock Acquisition Rights is accepted at the place stated in paragraph 12 (hereinafter referred as to the “Place”).

- (15) (a) The Holders of the 2nd Stock Acquisition Rights who intend to exercise their Stock Acquisition Rights shall, within the Exercise Period, file with the Place (i) the Company-designating exercise bill with their signatures stating the 2nd Bonds with the Stock Acquisition Rights regarding to the exercised 2nd Stock Acquisition Rights and the exercise date, and (ii) the certificate that certifies the Holders of the exercised 2nd Stock Acquisition Rights.
- (b) Such holder may not cancel the notification after giving such notice to the Place.
- (16) The exercise will be effective on the day when the notification arrives at the Place. If the exercise of the 2nd Stock Acquisition Rights is effective, the due date of payment regarding to the 2nd Bonds attached by the 2nd Acquisition Rights is assumed to come.
- (17) The Company will deliver the shares to the Holders of the 2nd Stock Acquisition Rights after the exercise is effective, by having a record created in the holdings column of its account in the Book-Entry Transfer Institutions or Account Management Institutions which the Holders designate.
- (18) The company has taken necessary measures if such measures are necessary, including the reinterpretation of this condition (i.e., the abolishment of the Shares Unit System).

12 Place where the 2nd Stock Acquisition Rights are to be exercised

Department of Finance and IR, Japan Display Inc.

13 Acceleration

- (1) There is no agreement regarding acceleration in the 2nd Bonds with the Stock Acquisition Rights.
- (2) The holders of the 2nd Bonds with the Stock Acquisition Rights do not have the right to resolve pursuant to Article 739 of the Companies Act, and the 2nd Bonds with the Stock Acquisition Rights will not be accelerated.

14 Public Notice

Notices to the holders of the 2nd Bonds with the Stock Acquisition Rights regarding the 2nd Bonds with the Stock Acquisition Rights are conducted by way of public notice stated in Company's Article of Incorporation; provided, however, that the Company may give written notice to the holders of the 2nd

Bonds with the Stock Acquisition Rights unless otherwise specified by law.

15 Bondholders' Meeting

- (1) The bondholder's meeting of the 2nd Bonds with the Stock Acquisition Rights consists of the bondholders whose bonds are the same kind (stated in subparagraph 1 of Article 681 of the Companies Act) as the 2nd Bonds (hereinafter the "Same Kind of Bonds as the 2nd Bonds"), and the Company convenes the bondholder's meeting. The Company shall make public notice prior to three weeks before the bondholder's meeting that the Company will convene the bondholder's meeting and matters stated in Article 719 of the Companies Act.
- (2) The bondholder's meeting of the Same Kind of Bonds as the 2nd Bonds is held in Tokyo Prefecture.
- (3) The bondholders of the Same Kind of Bonds as the 2nd Bonds who hold not less than one-tenth of the total amount of the Same Kind of Bonds as the 2nd Bonds (excluding bonds that have been redeemed, and the sum of the amount of bonds held by the Company shall not be included in the calculation of the total amount of the bonds) may demand that the Company convene a bondholders' meeting by filing with the Company the document stating the matters to discuss and the reason for convening a bondholder's meeting, after taking the procedures required by the relevant law.

16 Limitation of transfer

If a holder of the 2nd Bonds with the Stock Acquisition Rights is to transfer its 2nd Bonds with the Stock Acquisition Rights, it shall obtain the approval of the meeting of the board of the directors of the Company.

17 Subscription Period

Any date from June 20, 2019 to December 30, 2019

18 Payment date (Allotment date)

Any date from June 20, 2019 to December 30, 2019

19 Reason why no cash payment shall be required for the allotment of the 2nd Stock Acquisition Rights

The 2nd Bonds and the 2nd Stock Acquisition Rights are closely connected; i.e., the 2nd Stock Acquisition Rights are incorporated into the convertible-bonds-type bonds with stock acquisition rights, and may not be transferred separately from the 2nd Bonds; the Bonds related to the Stock Acquisition Rights shall be contributed to capital in kind upon the exercise of the relevant 2nd Stock Acquisition Rights. In addition, the Company has taken into consideration the value of the 2nd Stock Acquisition Rights, the economic value generated for the Company by the terms of issuance of the Bonds, including the interest rate of the 2nd Bonds (0.00% per year), etc. Hence, the Company has determined that no cash payments will be required in exchange for the 2nd Stock Acquisition Rights.

20 Others

- (1) The Company entrusts its representative director with the necessary matters related to the issuance of the 2nd Bonds with the Stock Acquisition Rights other than those stated above.
- (2) The issuance of the 2nd Bonds with the Stock Acquisition Rights is subject to the registration taking effect under the Financial Instruments and Exchange Act.

End.

Schedule 3

Japan Display Inc.

Conditions of the 3rd Series Unsecured Convertible Bonds with Stock Acquisition Rights

This condition applies to the 3rd series unsecured convertible bonds with stock acquisition rights (hereinafter referred to as the “3rd Bonds with Stock Acquisition Rights” with only the stock acquisition rights portion thereof referred to as the “3rd Stock Acquisition Rights” and only the bond portion thereof referred to as the “3rd Bonds”) issued by the resolution of the board of directors as of April 12, 2019 of Japan Display Inc. (hereinafter referred to as the “Company”)

1 Face value of 3rd Bonds

20,000,000,000 yen

2 Amount of each 3rd Bond

100,000,000 yen

3 Form

A bond certificate will not be issued in respect of each 3rd Bonds.

4 Transfer of the 3rd Stock Acquisition Rights or the 3rd Bonds

The 3rd Stock Acquisition Rights may not be transferred separately from the 3rd Bonds pursuant to the main clause of paragraph (2) of Article 254 of the Companies Act, and the 3rd Bonds may not be transferred separately from the 3rd Stock Acquisition Rights pursuant to the main clause of paragraph (3) of Article 254 of the Companies Act.

5 Interest rate of the 3rd Bonds

The 3rd Bonds will accrue no interest.

6 Issue price of the 3rd Bonds

100 yen per each 100 yen of each 3rd Bonds; provided, however, that no cash payment shall be required in

exchange for the 3rd Stock Acquisition Rights.

7 Redemption price of the 3rd Bonds

100 yen per each 100 yen of each 3rd Bonds or the price stated in subparagraphs (2), (3), and (4) of paragraph 10 below in case of the early redemption.

8 Security or guarantee

The 3rd Bonds are not secured by any property or guaranteed. There is no asset particularly reserved for security thereof.

9 No bond managers

There is no bond manager of the 3rd Bonds because the 3rd Bonds fulfill the condition stated in the proviso of Article 702 of the Companies Act.

10 Redemption method and period

(1) The Company will redeem all of the principal of the 3rd Bonds on the day five years after the allotment date of the 2nd series unsecured convertible bonds with stock acquisition rights of the Company (hereinafter referred to as the “2nd Bonds with Stock Acquisition Rights”; with such day referred to as the “Redeem Date”); provided, however, that the Company will redeem the 3rd Bonds pursuant to subparagraphs (2), (3), and (4) in case of the early redemption or subparagraph (6) in case of the purchase.

(2) Early Redemption due to Corporate Event

(a) In the case where (i) a Corporate Event (as defined below) is approved by the Company’s shareholders meeting (or, where a resolution of a shareholders meeting is not necessary, at a meeting of the board of directors of the Company) or determined by another organization which has the authority to determine it under the Companies Act, and (ii) the Company has delivered to the holders of the 3rd Bonds, on or prior to the date of occurrence of the relevant Corporate Event, a certificate with the signature of the Company’s representative stating that the Company does not currently anticipate that the New Obligor (as defined below) will be a listed company in Japan as of the effective date of the Corporate Event for any reason stated in such certificate, the Company shall give not less than 30 days’ prior notice to the holders of the 3rd Bonds with the Stock

Acquisition Rights, to redeem all, but not some only, of the 3rd Bonds then outstanding at 100 yen per each 100 yen of each 3rd Bonds, on the date specified for redemption in such notice, which is the date on or prior to the effective date of such Corporate Event (hereinafter referred to as the “Corporate Event Effective Date”); provided, however, that where the relevant Corporate Event Effective Date will come in less than 30 days after the approval or determination of such Corporate Event (hereinafter referred to as the “the Approval Day of the Corporate Event”), the date falling not earlier than 30 days from the date of such notice).

- (b) “Corporate Event” collectively means any (i) absorption-type merger (*kyushu gappei*) of the Company into any other corporation, (ii) corporate split (*shinsetsu bunkatsu* or *kyushu bunkatsu*) in which the Company’s obligations under the 3rd Bonds are to be transferred to or assumed by the New Obligor and the New Obligor will deliver new stock acquisition rights instead of the 3rd Stock Acquisition Rights, (iii) circumstance where the Company becomes a wholly-owned subsidiary of another corporation by way of share exchange (*kabusiki-koukan*) or share transfer (*kabushiki-iten*) or (iv) other corporate reorganization procedures then provided for under Japanese law in which the Company’s obligations under the 3rd Bonds are to be transferred to or assumed by the corporation which is the counterparty.
- (c) “New Obligor” collectively means any (i) surviving company in an absorption-type merger or a newly established company in a consolidation-type merger (only in case where the Company is disappeared by such merger), (ii) company in which the rights and obligations are transferred to or assumed by through a corporate split (*shinsetsu bunkatsu* or *kyushu bunkatsu*), (iii) company becoming a wholly-owning parent company of another corporation by way of a share exchange (*kabushiki-kokan*) or share transfer (*kabushiki-iten*), or (iv) company in which the obligations under the 3rd Bonds are to be transferred to or assumed through other corporate reorganization procedures then provided for under Japanese law.
- (d) The Company may not cancel the early redemption by the notice stated in (a) above after giving such notice.

(3) Redemption on Delisting

- (a) In the event where (i) any offer is made by a party or parties (the “Offeror”) other than the Company in accordance with the Financial Instruments and Exchange Act of Japan to all holders of the Company’s shares to acquire all or a portion of the Company’s shares, (ii)

the Company expresses its opinion to support such offer, (iii) the Company or the Offeror publicly announces or admits that the Company's shares may cease to be listed on all the financial instruments exchanges the Company's shares are listed on, as a result of the acquisition of the Company's shares pursuant to the offer (unless the Company or the Offeror publicly expresses its intention to use its best endeavors to continue such listing after such acquisition), and (iv) the Offeror acquires any Company's shares pursuant to the offer (including only the case where the offer succeeds on the last day of the term of such offer), then the Company shall, having given notice to the holders of the 3rd Bonds with the Stock Acquisition Rights within 15 days after the date of the acquisition of those Company's shares pursuant to the offer (which means the date when the payment for the offer starts, the same applies hereinafter), redeem all, but not some only, of the 3rd Bonds then outstanding at 100 yen per each 100 yen of each 3rd Bonds on the date specified for redemption in such notice which is the day falling not earlier than 30 days, nor later than 60 days, from the date of such notice.

- (b) Notwithstanding (a) above, if the Company or the Offeror publicly announces by the last day of the term of such offer that it intends to effect a Corporate Event after the date of acquisition of any Company's shares pursuant to the offer, then (a) above shall not apply. In this case, if the Approval Day of the Corporate Event will not come within 60 days after the acquisition of the Company's shares pursuant to the offer, the Company shall, within 15 days after the last day of such 60-days period, give notice to the holders of the 3rd Bonds with the Stock Acquisition Rights, to redeem all, but not some only, of the 3rd Bonds then outstanding at 100 yen per each 100 yen of each 3rd Bonds, on the date specified for redemption in such notice which is the date falling not earlier than 30 days, nor later than 60 days, from the date of such notice.
- (c) In the event where both the situation stated in subparagraph (2) above and that stated in (a) and (b) above occurs at the same time, the 3rd Bonds will be redeemed pursuant to subparagraph (2) above; provided, however, that in the event where the situation stated in subparagraph (2) above occurs and the notice under (a) or (b) above is given before the Approval Day of the Corporate Event, the 3rd Bonds will be redeemed pursuant to this subparagraph (3).
- (d) The Company may not cancel the early redemption by the notice stated in (a) or (b) above after giving such notice.

(4) Redemption by notice

The Company may, from time to time, give not less than 2 weeks' prior notice to the holders of the 3rd Bonds with the Stock Acquisition Rights (which notice shall be irrevocable), and redeem all, but not some only, of the 3rd Bonds then outstanding at 100 yen per each 100 yen of each Bonds on the redemption date, after the allotment date of the 3rd Bonds with the Stock Acquisition Rights.

- (5) In the event where the redemption date (including the date specified in the notice stated in subparagraphs (2), (3), and (4) in cases where the early redemption is conducted pursuant to such subparagraphs) is not a banking-business day, the redemption shall be conducted on the date immediately before the original redemption date.
- (6) The Company may, from time to time, purchase any 3rd Bonds with the Stock Acquisition Rights by the agreement between the Company and the holders of the 3rd Bonds with the Stock Acquisition Rights unless otherwise specified by laws after a day falling not earlier than one day from the Payment Date (defined in paragraph 18 below). If the Company cancels the 3rd Bonds with the Stock Acquisition Rights purchased by the Company, the Company may cancel neither the 3rd Bonds separately from the 3rd Stock Acquisition Rights nor the 3rd Stock Acquisition Rights from the 3rd Bonds.

11 Matters concerning the 3rd Stock Acquisition Rights

- (1) Number of the 3rd Stock Acquisition Rights with the 3rd Bonds

One 3rd Stock Acquisition Right is attached to one 3rd Bond, and the Company issues 200 3rd Stock Acquisition Rights.

- (2) Issue price of the 3rd Stock Acquisition Rights

No cash payment shall be required in exchange for the 3rd Stock Acquisition Rights.

- (3) Class and calculation method of number of shares upon exercise of the 3rd Stock Acquisition Rights.

The class of shares to be acquired upon exercise of the 3rd Stock Acquisition Rights is the shares of common stock of the Company. Upon the exercise of the 3rd Stock Acquisition Rights, the number of the Company's shares by the issuance or the disposition of treasury shares by the Company shall be the number to be obtained by dividing the aggregate of the principal amount of the 3rd Bonds attached by the exercised 3rd Stock Acquisition Rights by the Conversion Price set

out in (b) of subparagraph (6) below. In this case, any fraction of a share resulting from the exercise of the 3rd Stock Acquisition Rights shall be rounded down and no cash adjustment shall be made. In the case where shares of less than one unit are generated by the exercise of the 3rd Stock Acquisition Rights, such shares of less than one unit shall be settled in cash, assuming that the holder of such shares of less than one unit exercises the right to demand that the Company purchase its shares of less than one unit pursuant to the Companies Act.

(4) Exercise period of the 3rd Stock Acquisition Rights

The holders of the 3rd Stock Acquisition Rights attached to the 3rd Bonds with the Stock Acquisition Rights (hereinafter referred to as the “Holders of the 3rd Stock Acquisition Rights”) may, from time to time, exercise the 3rd Stock Acquisition Rights on the date falling not earlier than one year, from the allotment date of the 2nd Bonds with the Stock Acquisition Rights, nor later than the Redeem Date, and request that the Company deliver the Company’s shares of common stock stated in subparagraph (3) above; provided, however, that the 3rd Stock Acquisition Rights may not be exercised (i) on the shareholder determination date and the day immediately before such date, (ii) in the period from six business days prior to the early redemption date to such date in case where the early redemption is conducted pursuant to subparagraphs (2), (3), and (4) of paragraph 10 before the Redeem Date, and (iii) in the period set forth in the notice given to the Holders of the 3rd Stock Acquisition Rights by the Company, which may not exceed one month, in the event where the stock acquisition rights of the New Obligor are delivered in a Corporate Event, and where the Company reasonably determines that the suspension of the exercise of the 3rd Stock Acquisition Rights is necessary and gives prior written notice stating necessary matters including the suspension period to the Holders of the 3rd Stock Acquisition Rights.

Hereinafter, the “Exercise Period” means the period in which the Holders of the 3rd Stock Acquisition Rights may exercise the 3rd Stock Acquisition Rights pursuant to this subparagraph (4).

(5) Other Conditions for the Exercise of the 3rd Stock Acquisition Rights

- (a) If the number of the issued shares surpasses that of the authorized shares as of the exercise date by the exercise of the 3rd Stock Acquisition Rights, such exercise may be prohibited.
- (b) No 3rd Stock Acquisition Rights may be exercised in part.

- (6) Assets to be contributed upon exercise of the 3rd Stock Acquisition Rights and Amount thereto
- (a) The assets to be contributed upon exercise of each 3rd Stock Acquisition Right shall be the 3rd Bonds, and the amount thereto

shall be equal to the issue price of each 3rd Bonds.

- (b) The price used in calculating the number of the common stocks of the Company delivered by the exercise of the 3rd Stock Acquisition Rights (hereinafter referred to as the “Conversion Price”), (in the case where subparagraph (13) below applies, the price used in calculating the number of the common stocks of the New Obligor delivered by the exercise of the 3rd New Stock Acquisition Rights (as defined in (a) of subparagraph (13) below) is 50 yen, provided, however, that the Conversion Price may be adjusted pursuant to subparagraphs (7), (8), and (9).

- (7) (a) The Conversion Price shall be adjusted in accordance with the following formula (hereinafter referred as to the “Conversion Price Adjusted Formula”) when the number of the issued shares is changed or is likely to be changed pursuant to the things stated in (b) below, after the issuance of the 3rd Bonds with the Stock Acquisition Rights.

$$\begin{array}{r}
 \text{Conversion Price} \\
 \text{after adjustment} \\
 = \\
 \text{Conversion Price} \\
 \text{before adjustment} \\
 \times \\
 \frac{\begin{array}{l} \text{Number of} \\ \text{shares} \\ \text{already} \\ \text{issued} \end{array} + \frac{\begin{array}{l} \text{Number of} \\ \text{shares to be} \\ \text{delivered} \end{array} \times \begin{array}{l} \text{Paid-in amount} \\ \text{per share} \end{array}}{\begin{array}{l} \text{Current Market Price per Share} \\ \text{+ Number of shares already issued} \\ \text{+ Number of shares to be delivered} \end{array}}
 \end{array}$$

- (b) With regard to the adjustment of the Conversion Price by the Conversion Price Adjusted Formula and the timing to apply the Conversion Price after adjustment, the followings are applied;

- a) In the event where the Company issues the common stocks of the Company at a price less than the Current Market Price (as defined in (c) of subparagraph (8) below) (excluding the issuance of the common stocks of the Company by the resolution of the meeting of the board of directors as of April 12, 2019), the Conversion Price after adjustment is applied after the next day of the payment date; provided, however, that in case where there is a record date to grant

entitlement to the allotment of shares to the Company's shareholders, the Conversion Price after adjustment is applied after the next day of such record date.

- b) In the event where the Company conducts a stock split of the common stocks of the Company or the allotment of the common stocks of the Company without contribution, the Conversion Price after adjustment is applied after the next day of the record date of the stock split or after the next day of the effective date of such allotment; provided, however, that in the case where there is a record date to grant entitlement to the allotment of shares to the Company's shareholders without contribution, the Conversion Price after adjustment is applied after the next day of such record date.
- c) In the event where the Company issues (i) shares of a class where the Company shall deliver its common shares pursuant to requests of shareholders of such class of shares at a price less than the Current Market Price, (ii) shares of a class where the Company may acquire such class shares in exchange for delivering its common shares at a price less than the Current Market Price, (iii) stock acquisition rights where the Company may acquire such stock acquisition rights in exchange for delivering its common shares at a price less than the Current Market Price (including bonds with the stock acquisition rights), or (iv) stock acquisition rights where the Company shall deliver its common shares at a price less than the Current Market Price (including those with bonds with the stock acquisition rights) (hereinafter referred as to the collectively "Shares with the Rights to Acquire Common Stocks") (excluding the issuance of the bonds with the Stock Acquisition Rights by the resolution of the meeting of the board of directors of the Company as of April 12, 2019), the Conversion Price after adjustment is calculated, assuming that the original conditions are applied to the Shares with the Rights to Acquire Common Stocks, and applied after the next day of (i) the payment date (or the allotment date in the case of stock acquisition rights or bonds with the stock acquisition rights), or (ii) the effective date of the allotment without contribution; provided, however, that in the case where there is a record date to grant entitlement to the allotment of shares to the Company's shareholders, the Conversion Price after adjustment is applied after the next day of such record date.
- d) Notwithstanding the foregoing a), b), and c), in the event where the Company allots to its shareholders the common stock or the Shares with the Rights to

Acquire Common Stocks and where the record date related to such allotment is prior to (i) the day when such allotment is approved by its shareholder meeting, the meeting of the board of director or other organization, or (ii) the day when such allotment is determined by the representative of the Company, the Conversion Price after adjustment is applied after the next day of the approval or the determination; provided, however, that the Company delivers the number of the common stocks calculated by the following formula after the day of the approval or the determination to the Holders of the 3rd Stock Acquisition Rights who exercise the 3rd Stock Acquisition Rights on the date falling not earlier than the next day of such record date nor later than the day of the approval or the determination. In this case, subparagraph (17) is applied.

$$\text{Number of Shares} = \frac{\left(\begin{array}{c} \text{Conversion Price} \\ \text{before adjustment} \end{array} - \begin{array}{c} \text{Conversion Price} \\ \text{after adjustment} \end{array} \right) \times \begin{array}{c} \text{Number of Shares} \\ \text{delivered within} \\ \text{the period by the} \\ \text{Conversion Price} \\ \text{before adjustment} \end{array}}{\text{Conversion Price after adjustment}}$$

In this case, any fraction of a share resulting from the exercise of the Stock Acquisition Rights shall be rounded down and no cash adjustment shall be made.

- (8) The following rules applies to the adjustment of the Conversion Price.
- (a) The adjustment of the Conversion Price is not conducted as long as the difference between the Conversion Price after adjustment calculated by the Conversion Price Adjusted Formula and the Conversion Price before adjustment is less than 1 yen; provided, however, that if matters that require the Company to adjust the Conversion Price occur, the price obtained by deducting the difference from the Conversion Price before adjustment is used in the calculation of the Conversion Price instead of the Conversion Price before Adjustment in the Conversion Price Adjusted Formula.
 - (b) In the Conversion Price Adjusted Formula, the Conversion Price after adjustment is calculated to two decimal places and rounded off at the second decimal place.
 - (c) The Current Market Price used in the Conversion Price Adjusted Formula is the average of the last reported trading prices (including the indicate price display) of the regular way of the common stocks on Tokyo Stock Exchange for a period of 30 consecutive business

days (except for the day without the last reported trading prices) from 45 days prior to the day when the Conversion Price after adjustment is applied (or the record date stated in d) of (b) of subparagraph (7) above). In this case, the average is calculated to two decimal places and rounded off the second decimal place.

- (d) the “number of shares already issued” used in the Conversion Price Adjusted Formula is the number calculated by the following formula:

(the number of the issued common stocks of the Company as of the day corresponding to the record date to grant entitlement to the allotment of shares to the Company’s shareholders (if not applicable, the day when the Conversion Price after adjustment is applied) (in the case where the last month does not contain the corresponding day, the last day of such month)) – (the number of the common stocks held by the Company as of such date) + (the number of the common stocks of the Company not delivered but assumed that such common stocks include the number of the delivered common stocks of the Company pursuant to subparagraphs (7), (8), and (9))

In the event where the stock split of the common stocks of the Company is conducted, the number of the common stocks allotted to the Company’s common stocks held by the Company as of the record date may not be included in the number of the delivered common stocks used in the Conversion Price Adjusted Formula.

- (9) The Conversion Price shall also be adjusted from time to time on the occurrence of the following events in addition to the cases of subparagraphs (7) and (8) above.
- (a) Reverse stock splits, a decrease of the capital or the capital reserved, mergers (excluding the case when the Company is not a surviving company), share exchanges, or corporate splits
 - (b) the events when the number of issued shares of the Company is changed or is likely to be changed other than (a) above
 - (c) the events where the adjustment of the Conversion Price is necessary in order to allot another class of shares to the Company’s shareholders without contribution
 - (d) the event where it is necessary to take into consideration the effect of one event on the Current Market Price used when calculating the Conversion Price after adjustment under the other event, including the case where two or more events requiring the Company to

adjust the Conversion Price occur in close proximity.

(10) In the event when the Company adjusts the Conversion Price pursuant to subparagraphs (7), (8), and (9) above, the Company gives prior written notice to the holders of the 3rd Bonds with the Stock Acquisition Rights stating the necessary matters, including the details of the adjustment of Conversion Price, Conversion Price before adjustment, Conversion Price after adjustment, and the applicable date; provided, however, that if the Company can not give such notice by the day immediately before the applicable date including the case for d) of (b) of subparagraph (7) above, the Company shall give such notice as soon as possible after the applicable date.

(11) Amount of capital and capital reserved to be increased by the issuance of shares upon the exercise of the 3rd Stock Acquisition Rights

The amount of capital to be increased when shares are issued upon the exercise of the 3rd Stock Acquisition Rights shall be one-half of the “maximum capital and other increased amount,” as calculated pursuant to Article 17 of the Regulation on Corporate Accounting, with any fraction of less than one yen being rounded up. The amount of capital reserved to be increased shall be the amount obtained by deducting from the maximum capital and other increased amount the amount of capital so increased.

(12) Acquisition of the 3rd Stock Acquisition Rights

There is no rule regarding to the acquisition of the 3rd Stock Acquisition Rights by the Company.

(13) Succession of the 3rd Stock Acquisition Rights by the New Obligors in the case of the Company’s Corporate Event

(a) In the event where the Company effects a Corporate Event (including only the case where the common stocks of the New Obligor are delivered to the Company’s shareholders), the Company shall deliver the stock acquisition rights of the New Obligor whose details are stated in (b) below (the “3rd New Stock Acquisition Rights”) to the remaining Holders of the 3rd Stock Acquisition Rights as of the date immediately before the Corporate Event Effective Date, except for the event of the early redemption of the 3rd Bonds pursuant to subparagraph (2) or (4) of paragraph 10. In this case, the 3rd Stock Acquisition Rights disappear on the Corporate Event Effective Date, and the obligations of the 3rd Bonds are transferred to the New Obligor (hereinafter, the “3rd Transferred Bonds”). The 3rd New Stock Acquisition Rights become the stock acquisition rights with the 3rd Transferred Bonds, and the Holders of the 3rd Stock Acquisition Rights become holders of the 3rd

New Stock Acquisition Rights. This condition regarding the 3rd Stock Acquisition Rights applies to the 3rd New Stock Acquisition Rights.

(b) The following is the substance of the 3rd New Stock Acquisition Rights

a) Number of the 3rd New Stock Acquisition Rights

The number of the 3rd New Stock Acquisition Rights to be delivered will be equal to the number of the 3rd Stock Acquisition Rights outstanding immediately prior to the Corporate Event Effective Date.

b) Class of Shares Subject to the 3rd New Stock Acquisition Rights

Common stock of the New Obligor

c) Method of calculating the number of shares subject to the 3rd New Stock Acquisition Rights

The number to be obtained by dividing the aggregate of the amount of the 3rd Transferred Bonds with the exercised 3rd New Stock Acquisition Rights by the Conversion Price. In this case, any fraction of a share shall be rounded down and no cash adjustment shall be made. In the case where shares of less than one unit are generated by the exercise of the 3rd New Stock Acquisition Rights, such shares of less than one unit shall be settled in cash, assuming that the holder of such shares of less than one unit exercises the right to demand that the Company purchase its shares of less than one unit pursuant to the Companies Act.

d) Conversion Price of the 3rd Transferred Bonds with the 3rd New Stock Acquisition Rights

The Conversion Price of the 3rd Transferred Bonds attached by the 3rd New Stock Acquisition Rights is determined in order for the Holders of the 3rd Stock Acquisition Rights to obtain the same economic value as that obtained by the Holders of the 3rd Stock Acquisition Rights, assuming that such Holders exercise the 3rd Stock Acquisition Rights immediately before the Corporate Event Effective Date. The Conversion Price of the 3rd Transferred Bonds with the 3rd New Stock Acquisition Rights after the Corporate Event Effective Date is adjusted pursuant to subparagraphs (7), (8), and (9) above.

- e) Description and Amount of Assets to be Contributed upon the Exercise of the 3rd New Stock Acquisition Rights

Upon the exercise of each 3rd New Stock Acquisition Right of the New Obligor, the 3rd Transferred Bonds attached by the 3rd New Stock Acquisition Rights shall be contributed, and the value of assets to be contributed upon the exercise of the 3rd Stock Acquisition rights of the New Obligor shall be the price equal to the principal amount of the 3rd Bonds.

- f) Exercise period of the 3rd New Stock Acquisition Rights

The exercise period shall be from the Corporate Event Effective Date (in the event where the suspension period is determined pursuant to (c) of this paragraph (13), the Corporate Event Effective Date or the next business day of the last day of the suspension period, whichever is later) up to the last day of the Exercise Period of the 3rd Stock Acquisition Rights determined under subparagraph (4).

- g) Amount of capital and capital reserved to be increased by the issuance of shares upon the exercise of the 3rd New Stock Acquisition Rights

The amount of capital to be increased when shares are issued upon the exercise of the 3rd New Stock Acquisition Rights shall be one-half of the “maximum capital and other increased amount,” as calculated pursuant to Article 17 of the Regulation on Corporate Accounting, with any fraction of less than one yen being rounded up. The amount of capital reserved to be increased shall be the amount obtained by deducting from the maximum capital and other increased amount the amount of capital so increased.

- h) Other Conditions for the Exercise of the 3rd New Stock Acquisition Rights

No 3rd New Stock Acquisition Rights of the New Obligor may be exercised in part.

- i) Acquisition of the 3rd New Stock Acquisition Rights

There is no rule regarding the acquisition of the 3rd New Stock Acquisition Rights by the Company.

- (14) The reception of the exercise request of the 3rd Stock Acquisition Rights is accepted at the place stated in paragraph 12 (hereinafter referred as to the “Place”).
- (15) (a) The Holders of the 3rd Stock Acquisition Rights who intend to exercise their Stock Acquisition Rights shall, within the Exercise Period, file with the Place (i) the Company-designating exercise bill with their signatures stating the 3rd Bonds with the Stock Acquisition Rights regarding to the exercised 3rd Stock Acquisition Rights and the exercise date, and (ii) the certificate that certifies the Holders of the exercised 3rd Stock Acquisition Rights.
- (b) Such holder may not cancel the notification after giving such notice to the Place.
- (16) The exercise will be effective on the day when the notification arrives at the Place. If the exercise of the 3rd Stock Acquisition Rights is effective, the due date of payment regarding to the 3rd Bonds attached by the 3rd Acquisition Rights is assumed to come.
- (17) The Company will deliver the shares to the Holders of the 3rd Stock Acquisition Rights after the exercise is effective, by having a record created in the holdings column of its account in the Book-Entry Transfer Institutions or Account Management Institutions which the Holders designate.
- (18) The company has taken necessary measures if such measures are necessary, including the reinterpretation of this condition (i.e., the abolishment of the Shares Unit System).

12 Place where the 3rd Stock Acquisition Rights are to be exercised

Department of Finance and IR, Japan Display Inc.

13 Acceleration

- (1) There is no agreement regarding acceleration in the 3rd Bonds with the Stock Acquisition Rights.
- (2) The holders of the 3rd Bonds with the Stock Acquisition Rights do not have the right to resolve pursuant to Article 739 of the Companies Act, and the 3rd Bonds with the Stock Acquisition Rights will not be accelerated.

14 Public Notice

Notices to the holders of the 3rd Bonds with the Stock Acquisition Rights regarding the 3rd Bonds with the Stock Acquisition Rights are conducted by way of public notice stated in Company's Article of Incorporation; provided, however, that the Company may give written notice to the holders of the 3rd Bonds with the Stock Acquisition Rights unless otherwise specified by law.

15 Bondholders' Meeting

- (1) The bondholder's meeting of the 3rd Bonds with the Stock Acquisition Rights consists of the bondholders whose bonds are the same kind (stated in subparagraph 1 of Article 681 of the Companies Act) as the 3rd Bonds (hereinafter the "Same Kind of Bonds as the 3rd Bonds"), and the Company convenes the bondholder's meeting. The Company shall make public notice prior to three weeks before the bondholder's meeting that the Company will convene the bondholder's meeting and matters stated in Article 719 of the Companies Act.
- (2) The bondholder's meeting of the Same Kind of Bonds as the 3rd Bonds is held in Tokyo Prefecture.
- (3) The bondholders of the Same Kind of Bonds as the 3rd Bonds who hold not less than one-tenth of the total amount of the Same Kind of Bonds as the 3rd Bonds (excluding bonds that have been redeemed, and the sum of the amount of bonds held by the Company shall not be included in the calculation of the total amount of the bonds) may demand that the Company convene a bondholders' meeting by filing with the Company the document stating the matters to discuss and the reason for convening a bondholder's meeting, after taking the procedures required by the relevant law.

16 Limitation of transfer

If a holder of the 3rd Bonds with the Stock Acquisition Rights is to transfer its 3rd Bonds with the Stock Acquisition Rights, it shall obtain the approval of the meeting of the board of the directors of the Company.

17 Subscription Period

Any date from June 20, 2019 to December 30, 2019

18 Payment date (Allotment date)

Any date from June 20, 2019 to December 30, 2019

19 Reason why no cash payment shall be required for the allotment of the 3rd Stock Acquisition Rights

The 3rd Bonds and the 3rd Stock Acquisition Rights are closely connected; i.e., the 3rd Stock Acquisition Rights are incorporated into the convertible-bonds-type bonds with stock acquisition rights, and may not be transferred separately from the 3rd Bonds; the Bonds related to the Stock Acquisition Rights shall be contributed to capital in kind upon the exercise of the relevant 3rd Stock Acquisition Rights. In addition, the Company has taken into consideration the value of the 3rd Stock Acquisition Rights, the economic value generated for the Company by the terms of issuance of the Bonds, including the interest rate of the 3rd Bonds (0.00% per year), etc. Hence, the Company has determined that no cash payments will be required in exchange for the 3rd Stock Acquisition Rights.

20 Others

- (1) The Company entrusts its representative director with the necessary matters related to the issuance of the 3rd Bonds with the Stock Acquisition Rights other than those stated above.
- (2) The issuance of the 3rd Bonds with the Stock Acquisition Rights is subject to the registration taking effect under the Financial Instruments and Exchange Act.

End.