

[English Translation]

**(Update and Progress of a Disclosure Matter) Concerning the Disclosure as of April 12, 2019**

The press release dated April 12, 2019 titled "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" (the "Disclosure as of April 12, 2019") includes statements that Japan Display Inc. ("JDI") entered into a CAPITAL AND BUSINESS ALLIANCE AGREEMENT with Suwa Investment Holdings, LLC (the "Expected Allottee"). However, since April 12, 2019, circumstances have changed, including the expected investors' withdrawal from their positions as the expected investors in the Expected Allottee and changes to total amount of preferred shares to be issued by JDI to INCJ, Ltd. ("INCJ") through third-party allotment (the "Preferred Shares"). Based on these changes, JDI has held discussions with the Expected Allottee, and JDI hereby announces that as a result of the discussions, it resolved at its board of directors meeting on August 7, 2019 (the "Board of Directors Meeting") to enter into an AMENDED AND RESTATED CAPITAL AND BUSINESS ALLIANCE AGREEMENT, which modifies part of the CAPITAL AND BUSINESS ALLIANCE AGREEMENT (the "Amended and Restated Capital and Business Alliance Agreement", and, together with the CAPITAL AND BUSINESS ALLIANCE AGREEMENT, the "Capital and Business Alliance Agreement") with the Expected Allottee.

Additionally, as a result of deliberations and negotiations related to the Amended and Restated Capital and Business Alliance Agreement, some of the following matters have also changed: (i) new shares (the "New Shares") to be issued by JDI to the Expected Allottee through third-party allotment, (ii) the 2nd series bonds with stock acquisition rights (the "2nd Series Bonds with Stock Acquisition Rights;" of which, the portion of the stock acquisition rights alone shall be hereinafter referred to as the "2nd Series Stock Acquisition Rights") to be issued by JDI to the Expected Allottee through third-party allotment, and (iii) the 3rd series bonds with stock acquisition rights (the "3rd Series Bonds with Stock Acquisition Rights;" of which, the portion of the stock acquisition rights alone shall be hereinafter referred to as the "3rd Series Stock Acquisition Rights") to be issued by JDI to the Expected Allottee through third-party allotment (the issuance of the New Shares, the 2nd Series Bonds with Stock Acquisition Rights, and the 3rd Series Bonds with Stock Acquisition Rights to be issued by JDI to the Expected Allottee through third-party allotment, hereinafter collectively referred to as the "Third-party Allotment"). Along with these changes, JDI hereby announces that it has also resolved at the Board of Directors Meeting to amend its previous resolution regarding the Third-party Allotment.

Mr. Nobuyuki Nakano, who is an outside director of JDI, concurrently serves as an executive officer of INCJ, and has conflicts of interest or potential conflicts of interest regarding the Third-party Allotment as a series of transactions. Therefore, neither he joined the deliberations by JDI regarding the Third-party Allotment, nor the discussions or

negotiations regarding the Third-party Allotment in JDI's position.

The press release dated July 12, 2019 titled "(Update and Progress of a Disclosure Matter) Concerning the Disclosure as of April 12, 2019" (the "Disclosure as of July 12, 2019") includes statements that JDI plans to hold an extraordinary general meeting of shareholders on August 29, 2019 regarding the issuance of the New Shares, the 2nd Series Bonds with Stock Acquisition Rights, and the 3rd Series Bonds with Stock Acquisition Rights, subject to the conditions that (i) JDI partially changes the content of the CAPITAL AND BUSINESS ALLIANCE AGREEMENT entered into with the Expected Allottee as of April 12, 2019, and re-executes it with the Expected Allottee, and (ii) JDI makes final agreements with INCJ regarding the refinancing by way of a new loan and the Preferred Shares to be provided or subscribed for by INCJ. However, JDI hereby announces that it has decided to change the scheduled date of the extraordinary general meeting of shareholders to September 27, 2019 (scheduled), because the Amended and Restated Capital and Business Alliance Agreement was entered into behind schedule. Once it has been decided to hold the extraordinary general meeting of shareholders, JDI will promptly disclose that fact.

## **1. Main Changes to the Capital and Business Alliance Agreement**

### **(1) Conditions precedent to the Third-party Allotment**

As the preamble of the Disclosure as of April 12, 2019 stated, the Third-party Allotment was implemented on the 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 JDI's general meeting of shareholders: (a) a proposal on the Third-party Allotment and issuance of the Preferred Shares; (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. However, as a result of discussions with the Expected Allottee in the course of entering into the Amended and Restated Capital and Business Alliance Agreement, JDI has added the following conditions to the Conditions Precedent: (i) regarding USD 100 million, the Expected Allottee secures the funds to be required for the payment by receiving relevant support from JDI's customer; (ii) the relevant Chinese government authorities' intervention is absent; (iii) JDI receives no notice from its main customers that such customers are considering, or have determined, to cease or materially reduce their purchasing of products from JDI; and (iv) JDI's shares have not had a closing price that is less than or equal to JPY 30 per share. Conditions (ii) through (iv) above are the same conditions as those applicable to the investments in the Expected Allottee by Harvest Tech Investment Management Co., Ltd. ("Harvest Tech") and Oasis Management Company Ltd., which were announced in the press releases dated June 28, 2019 titled "(Update and Progress of a Disclosure Matter) Concerning the Disclosure as of April 12, 2019" (the "First Disclosure as of June 28, 2019") and "(Update and Progress of a Disclosure Matter) Concerning the

Disclosure as of April 12, 2019 (Second Disclosure as of June 28, 2019)". Therefore, if the Conditions Precedent for the Third-party Allotment, including (i) through (iv) above are not satisfied, the Third-party Allotment will not be implemented as expected, and consequently JDI's cash flows will deteriorate, and JDI may have difficulties in maintaining its ability to remain a going business concern.

(2) Management structure after the Third-party Allotment

JDI announced that it agreed with the Expected Allottee that the number of the directors designated by the Expected Allottee (the "Directors Designated by the Expected Allottee") will become a majority of the directors after the Third-party Allotment in "I. Overview of the Alliance, 1. Reason for the Alliance, (5) Management structure after the Third-party Allotment" of the Disclosure as of April 12, 2019. However, as a result of deliberations and negotiations with the Expected Allottee regarding the execution of the Amended and Restated Capital and Business Alliance Agreement, JDI has agreed with the Expected Allottee that the number of directors of JDI after the Third-party Allotment will be nine, and the number of these Directors Designated by the Expected Allottee will be five. The specific management structure after the Third-party Allotment, including the Directors Designated by the Expected Allottee, will be promptly disclosed after JDI has decided upon it.

(3) Subscription period and payment period of the New Shares; subscription period, payment period, and total amount of issue price of each of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights; and exercise period of the 2nd Stock Acquisition Rights and the 3rd Stock Acquisition Rights

JDI has changed the subscription period and payment period of each of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights from "June 20, 2019 (Thursday) to December 30, 2019 (Monday)" as stated in "I. Overview of the Alliance, 4. Schedule" of the Disclosure as of April 12, 2019 to "August 29, 2019 (Thursday) to August 28, 2020 (Friday)". In addition, JDI has decreased the amount of funds to be procured through the issuance of the 2nd Series Bonds with Stock Acquisition Rights from JPY 18 billion to JPY 8 billion. However, JDI has increased the amount of funds to be procured through the issuance of the 3rd Series Bonds with Stock Acquisition Rights from JPY 20 billion to JPY 30 billion. Further, JDI has changed the start date of the exercise period of the 2nd Stock Acquisition Rights and 3rd Stock Acquisition Rights as stated in "11 Matters concerning the 2nd Stock Acquisition Rights, (4) Exercise period of the 2nd Stock Acquisition Rights" of Schedules 2 and 3 of the Disclosure as of April 12, 2019 from "the date falling not earlier than one year from the allotment date of the 2nd Bonds with the Stock Acquisition Rights" to "the date falling not earlier than six months from the allotment date of the 2nd Bonds with the Stock Acquisition Rights". Regarding the amended conditions for 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.

Based on the changes above, JDI will procure a total of JPY 50 billion through the issuance of the New Shares and the 2nd Series Bonds with Stock Acquisition Rights through the third-party allotment by JDI to the Expected Allottee, and JPY 30 billion through the issuance of the 3rd Series Bonds with Stock Acquisition Rights through the third-party allotment by JDI to the Expected Allottee. As announced in the First Disclosure as of June 28, 2019, regarding the 3rd Series Bonds with Stock Acquisition Rights, JDI received a commitment letter from Harvest Tech stating Harvest Tech's firm commitment to implement an investment of JPY 20 billion only, and JDI has obtained no firm commitment from Harvest Tech regarding the remaining JPY 10 billion. However, the amount regarding which the commitment letter stating Harvest Tech's firm commitment to invest in the New Shares and the 2nd Series Bonds with Stock Acquisition Rights was obtained has not decreased, and the total amount regarding which the commitment letters were obtained has not changed. JDI has been informed by the Expected Allottee that it is currently holding specific negotiations with a few companies. If a firm commitment regarding the remaining JPY 10 billion regarding the 3rd Series Bonds with Stock Acquisition Rights is obtained, JDI will disclose that fact immediately.

The extension of the subscription period and payment period of each of the New Shares, the 2nd Series of Bonds with Stock Acquisition Rights, and the 3rd Series of Bonds with Stock Acquisition Rights aims to flexibly implement the Third-party Allotment after a proposal concerning the issuance of new shares by the Third-party Allotment is approved by a special resolution of an extraordinary shareholders meeting of JDI, due to the undetermined timing of obtaining permissions and approvals, etc., of the relevant authorities of each country that are required to implement the Third-party Allotment. JDI and the Expected Allottee have agreed that on the later of (i) October 31, 2019, (ii) the fifth business day immediately following the day on which all the Conditions Precedent are satisfied, or (iii) any other date as JDI and the Expected Allottee separately agree, the allotment of the New Shares and the 2nd Series Bonds with Stock Acquisition Rights will take place. JDI has held discussions with the Expected Allottee in the course of entering into the Amended and Restated Capital and Business Alliance Agreement, and has changed the total amount of the issue price of each of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights, based on a demand from the Expected Allottee and JDI's financial status.

Also, following the partial changes to matters regarding the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights, JDI has obtained a valuation report dated August 7, 2019 on the convertible bonds with stock acquisition rights (the "Amended Valuation Report for the Convertible Bonds with Stock Acquisition Rights") from Akasaka International Tax and Co., a third-party financial advisor (Akasaka International Tax and Co., which is a third-party financial advisor, is not a related party of JDI and the Expected Allottee, and has no material interest that should be stated in connection with the Third-party Allotment). According to the Amended Valuation Report of the Convertible Bonds with Stock Acquisition Rights, Akasaka International Tax & Co.: (i) calculated that the fair value of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights ranges from

JPY 98.9 to JPY 105.0 per JPY 100, using the binomial model, which is a general model for the valuation of share options, based on a certain premise when considering market circumstances as of August 6, 2019, the valuation date, and (ii) confirmed that the economic benefit that JDI will obtain through the issuance of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights (actual consideration for the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights) exceeds the fair value of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights. Also, JDI has obtained a fairness opinion from Akasaka International Tax & Co. that the amount paid for the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights is reasonable to the shareholders of JDI excluding JDI and the Expected Allottee from a financial perspective.

## **2. Rationality of the Third-party Allotment**

Since April 12, 2019, TPK Holding Co., Ltd., Cosgrove Global Limited, and Topnotch Corporate Limited have withdrawn from their positions as the expected investors of the Expected Allottee, and the total amount of the Preferred Shares has changed from JPY 75 billion to JPY 102 billion. Following these changes, JDI entered into the Amended and Restated Capital and Business Alliance Agreement with the Expected Allottee dated August 7, 2019, and changed the subscription period and payment period of the New Shares, the subscription period, payment period, and the total issue price of each of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights, and the exercise period of the 2nd Stock Acquisition Rights and the 3rd Stock Acquisition Rights. In addition, following the partial changes to matters regarding the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights, JDI has obtained the Amended Valuation Report for the Convertible Bonds with Stock Acquisition Rights from Akasaka International Tax and Co. on August 7, 2019. However, JDI believes that these changes do not materially change the assumptions under which JDI determined it reasonable to implement the Third-party Allotment on April 12, 2019, and that such determination is still appropriate even based on these changes.

Also, at the Board of Directors Meeting, four company auditors of JDI, and Mr. Takahisa Hashimoto and Mr. Ryosuke Kuwada as directors of JDI (both of whom are outside directors and have been registered with the Tokyo Stock Exchange as Independent Directors of JDI) have provided an opinion that the opinion provided at the board of directors meeting held on April 12, 2019 by four company auditors, Mr. Katsuhiko Shirai, Mr. Kazuhiko Shimokobe, and Mr. Takahisa Hashimoto (all of whom were outside directors and registered with the Tokyo Stock Exchange as Independent Directors of JDI) that the Third-party Allotment is necessary and reasonable and is still appropriate even based on the above-mentioned changes.

End

Schedule 1

Japan Display Inc.  
Condition of the New Shares

(omitted)

(9) Payment period

From August 29, 2019 to August 28, 2020

(omitted)

End

Schedule 2

Japan Display Inc.

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

(omitted)

1 Face value of 2nd Bonds

8,000,000,000 yen

(omitted)

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 JDI issues 80 2nd Stock Acquisition Rights in total.

(omitted)

(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 six months, 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).

(omitted)

17 Subscription Period

Any date from August 29, 2019 to August 28, 2020

18 Payment date (Allotment date)

Any date from August 29, 2019 to August 28, 2020

(omitted)

End



Schedule 3

Japan Display Inc.

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

(omitted)

1 Face value of 3rd Bonds

30,000,000,000 yen

(omitted)

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 300 3rd Stock Acquisition Rights.

(omitted)

(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 six months, 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).

(omitted)

17 Subscription Period

Any date from August 29, 2019 to August 28, 2020

18 Payment date (Allotment date)

Any date from August 29, 2019 to August 28, 2020

(omitted)

End

# Changes to the Capital Injection from Suwa

## Before the change

### Common stock

(Note 1)

- (1) Gross proceeds : 42.0 billion yen
- (2) New shares to be issued: 840 million shares
- (3) Issue price: 50 yen per share

### 2nd series CB

(Note 1, 2)

- (1) Gross proceeds: 18.0 billion yen
- (2) Total no. of stock acquisition rights: 180
- (3) Fully diluted new shares: 360 million shares
- (4) Conversion price: 50 yen per share

### 3rd Series CB

(Note 1, 2)

- (1) Gross proceeds: 20.0 billion yen
  - (2) Total no. of stock acquisition rights: 200
  - (3) Fully diluted new shares: 400 million shares
  - (4) Conversion price: 50 yen per share
- \*JDI to determine the necessity of the issuance based on the funding needs** (Note 3)

## After the change

### Common stock

(Note 1)

- (1) Gross proceeds: 42.0 billion yen
- (2) New shares to be issued: 840 million shares
- (3) Issue price: 50 yen per share

### 2nd series CB

(Note 1, 2)

- (1) Gross proceeds : 8.0 billion yen
- (2) Total no. of stock acquisition rights: 80
- (3) Fully diluted new shares: 160 million shares
- (4) Conversion price: 50 yen per share

### 3rd series CB

(Note 1, 2)

- (1) Gross proceeds: 30.0 billion yen
  - (2) Total no. of stock acquisition rights: 300
  - (3) Fully diluted new shares: 600 million shares
  - (4) Conversion price: 50 yen per share
- \*JDI to determine the necessity of the issuance based on the funding needs** (Note 3)

- Note 1. (1) Common stocks and CBs above will be allotted to Suwa Investment Holdings, LLC through third-party allotment.  
 (2) Payment period: June 20, 2019 to December 30, 2019  
 (3) Completion of payment may be delayed depending on the status of Japanese/overseas government permissions & approvals.

- Note 2. Other conditions include the following:  
 (a) Coupon: Zero (b) Maturity date: The date after 5 years from the date of allotment of the 2<sup>nd</sup> series CB (c) Exercise period: 5 years starting from 1 year after the allotment date

- Note 3. Issuance is on condition that Suwa has completed raising the fund.

- Note 1. (1) Common stocks and CBs above will be allotted to Suwa Investment Holdings, LLC through third-party allotment.  
 (2) Payment period: August 29, 2019 to August 28, 2019  
 (3) Completion of payment may be delayed depending on the status of Japanese/overseas government permissions & approvals.

- Note 2. Other conditions include the following:  
 (a) Coupon: Zero (b) Maturity date: The date after 5 years from the date of allotment of the 2<sup>nd</sup> series CB (c) Exercise period: 5 years starting from 6 months after the allotment date

- Note 3. Issuance is on condition that Suwa has completed raising the fund.