

**Notice Concerning Borrowing of Funds, Issuance of Preferred Shares
through Third-party Allotment,
and Partial Amendment of the Articles of Incorporation**

Japan Display Inc. ("JDI") hereby announces that it has resolved at its board of directors meeting as of August 27, 2019 (i) to enter into the Senior Facility Agreement (the "Senior Loan Agreement") with INCJ, Ltd. ("INCJ"), and the Preferred Share Subscription Agreement (the "Preferred Share Subscription Agreement") with INCJ and Suwa Investment Holdings, LLC (the "Sponsor"), and (ii) to issue class A preferred shares of JDI (the "Class A Preferred Shares") to INCJ through third-party allotment (the "Third-party Allotment of Preferred Shares"). The Senior Loan Agreement and the Preferred Shares Subscription Agreement are based on: (i) the Memorandum of Understanding (the "MOU") entered into with INCJ and the Sponsor, which was announced in 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"); and (ii) an agreement concerning INCJ's support to be provided to JDI, entered into with INCJ on May 30, 2019 (the "Agreement"), which was announced in the press release dated May 30, 2019, titled "Notice Concerning Transfer of Shares of Equity Method Affiliate" (the "Disclosure as of May 30, 2019").

In addition, the borrowing under the Senior Loan Agreement, and the Third-party Allotment of Preferred Shares are implemented on condition that (i) the third-party allotment to the Sponsor of shares of common stock (the "Sponsor New Shares") and the 2nd unsecured convertible bonds with stock acquisition rights (the "2nd Series Bonds with Stock Acquisition Rights") (such third-party allotment, the "Sponsor Third-party Allotment") is implemented; (ii) a proposal in relation to the issuance of the Class A Preferred Shares and a proposal concerning the partial amendment to the Articles of Incorporation for the issuance of the Class A Preferred Shares are approved at JDI's extraordinary general meeting of shareholders to be held on September 27, 2019 (the "General Meeting of Shareholders").

Further, JDI hereby announces that it has resolved at its board of directors meeting as of August 27, 2019 to partially amend the Articles of Incorporation concerning the issuance of the Class A Preferred Shares.

- I. Implementation of Borrowing
1. Reason for the borrowing

As stated in the Disclosure as of April 12, 2019, in the business environment surrounding JDI, there has been an accelerated replacement to use of OLED displays in the mobile display market, global slowdown in the growth of the smartphone market, and intensified price competition in the smartphone display market.

Without a large-scale injection of capital funds, JDI 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, it may cause JDI to have difficulties in maintaining its ability to remain a going business concern due to the deterioration of its financing. Therefore, JDI has determined to implement the Sponsor Third-party Allotment in order to secure a long-term stabilization fund through its large-scale injection of capital funds. In the sponsor selection process, the Sponsor had discussions with INCJ (which is JDI's largest major shareholder and largest creditor) about the necessity to secure a long-term stabilization fund for JDI's sustainable business operations, and asked INCJ to provide support for JDI. As a result, INCJ announced its intent that INCJ could provide JDI with various means of support including refinancing. Based on the background above, and as a result of discussions with INCJ and the Sponsor, JDI entered into: (i) the MOU dated April 12, 2019 with INCJ and the Sponsor for INCJ's implementation of various means of support; and (ii) the Agreement dated May 30, 2019 with INCJ. Since the execution of the MOU and the Agreement, JDI has held discussions with INCJ based on the MOU and the Agreement, and on August 27, 2019, JDI entered into the Senior Loan Agreement with INCJ and the Preferred Share Subscription Agreement with INCJ and the Sponsor.

As stated in the Disclosure as of April 12, 2019, the total amount of JPY 152 billion, which JDI will obtain from INCJ under the Senior Loan Agreement and the Preferred Share Subscription Agreement, will be used as the fund for the repayment or retirement by purchase of: (i) the borrowing under the commitment line agreement executed on August 3, 2018 between JDI, Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited (collectively, the "Banking Syndicate") (the amount of which is JPY 107 billion) (the "Commitment Line Agreement", and as stated in the press release dated July 26, 2019, titled "Notice Concerning Extension of Commitment Line Agreement", JDI, the Bank Syndicate, and INCJ agreed to extend the commitment period under the Commitment Line Agreement to December 30, 2019); (ii) the short-term loan under the loan agreement dated June 26, 2019 (the total amount of the principal of which is JPY 20 billion) (the "Short-term Loan", and the borrowing under the short-term loan agreement dated December 26, 2018 (the principal amount of which is JPY 20 billion) has been converted into the Short-term Loan); and (iii) the 1st series unsecured subordinated convertible bonds with stock acquisition rights of JDI (the outstanding amount of which is JPY 25 billion) (the "1st Series Bonds with Stock Acquisition Rights").

2. Details of the borrowing

Lender	INCJ, Ltd. (Note 1) Registered address: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Representative Director and Chairman (CEO): Toshiyuki Shiga Representative Director and President (COO): Mikihide Katsumata
Loan amount	JPY 50 billion

Interest rate	5 years swap rate + spread (this will be adjusted every 6 months)
Loan execution date	The day when the payment of the Class A Preferred Shares has been completed (Note 2)
Repayment due date	Fifth anniversary of the loan execution date (prepayment before maturity is permissible)
Security	The borrowing is secured

(Note 1) As of August 27, 2019, INCJ is JDI's largest major shareholder, and has dispatched one director to JDI.

(Note 2) The borrowing under the Senior Loan Agreement is implemented on condition that the Sponsor Third-party Allotment is implemented, other procedures required under the relevant laws and regulations are completed, and conditions precedent of the Third-party Allotment of Preferred Shares are satisfied.

3. Future outlook

The effect of the borrowing on JDI's business performance is insignificant.

II. Issuance of Class A Preferred Shares through the Third-party Allotment

1. Outline of the offering

(1) Payment date	Any date from August 29, 2019 (Thursday) to August 28, 2020 (Friday)
(2) New shares to be issued (Number of shares to be offered)	Class A Preferred Shares 1,020,000,000 shares
(3) Issue price	JPY 100 per share
(4) Amount of funds to be raised	JPY 102,000 million
(5) Method of offering or allotment (expected allottee)	Class A Preferred Shares will be allotted to INCJ through a third-party allotment.
(6) Class A conversion price	(i) Amount equivalent to a closing price (including a quotation) of JDI's common shares, at the financial instruments exchange or over-the-counter securities market on which such common shares are listed, on a trading day (excluding, however, a trading day without a closing price (including a quotation)) immediately before the date on which a conversion claim is made; or (ii) JPY 225, whichever is greater.
(7) Other	Each item above is subject to the condition that the Sponsor Third-party Allotment is implemented and a proposal in relation to the issuance of the Class A Preferred Shares and a proposal concerning

	<p>the partial amendment to the Articles of Incorporation for the issuance of the Class A Preferred Shares are approved at the General Meeting of Shareholders.</p> <p>On or after the first anniversary of the issuance of the Class A Preferred Shares, class A preferred shareholders will be able to exercise a conversion right of the Class A Preferred Shares to convert such Class A Preferred Shares into common shares in JDI. Conditions of the Class A Preferred Shares provide for no transfer restriction. JDI has been informed that under the Shareholders' Agreement executed between the Sponsor and INCJ, INCJ shall not transfer, or offer to transfer, without the prior written consent of the Sponsor, any of the Class A Preferred Shares or converted common shares of JDI to ① (i) any company or organization that is reasonably deemed to be a competitor of JDI, or (ii) any person that directly or indirectly controls, is controlled by, or is under common control with any company or organization set out in (i) above, or ② any third party holding more than 20% of the voting rights of JDI, calculated on a fully-diluted basis after the acquisition of such shares.</p>
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- (Note) 1 The details of the conditions of the issuance of the Class A Preferred Shares are provided in the Schedule 1.
- 2 Regarding the Third-party Allotment of Preferred Shares, any date from August 29, 2019 (Thursday) to August 28, 2020 (Friday) has been resolved as the payment date under the Companies Act. The reason for not specifying the payment date is that the Third-party Allotment of Preferred Shares is implemented on condition that the Sponsor Third-party Allotment is implemented, and JDI cannot determine as of today when the approval, etc. of each relevant authority of each country (which is necessary to implement the Sponsor Third-party Allotment) will be obtained, which is the condition for payment of the Sponsor Third-party Allotment.
- 3 Under the Preferred Share Subscription Agreement, INCJ shall not own more than 25% of the outstanding voting shares of JDI, including the common shares in JDI to which the Class A Preferred Shares are converted, without the prior written consent of the Sponsor (which consent shall not be unreasonably refused or withheld).

2. Purpose of, and reason for, the offering
- (1) Background of the Third-party Allotment of Preferred Shares

Based on the background stated in "I. Implementation of Borrowing, 1. Reason for the borrowing" above, JDI entered into the Senior Loan Agreement and the Preferred Share Subscription Agreement dated August

27, 2019, and determined to issue the Class A Preferred Shares. JDI believes that this allows it to secure a long-term stabilization fund, and leads to improving its financial structure through decreasing debt capital by way of converting part of the debt to equity.

(2) Reason for selecting the Third-party Allotment of Preferred Shares

JDI had examined and compared various means of fundraising until it decided to implement the Third-party Allotment of Preferred Shares. During the examination and comparison, considering JDI's demand for funds and the possibility for undercapitalization as stated in "I. Implementation of Borrowing, 1. Reason for the borrowing" above, JDI thought that the most important factor is to raise JDI's capital adequacy ratio and improve its financial structure by way of converting part of the debt to equity.

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

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

On the other hand, issuance of preferred shares as the Class A Preferred Shares does not immediately cause a dilution of existing shares, and contributes to JDI's aim of securing equity early. Therefore, considering the nature of the Class A Preferred Shares and the situation in which JDI finds itself, JDI has finally determined that it is the best choice for JDI at the current time to receive investments the total amount of which is JPY 102 billion through issuance of preferred shares to INCJ as an expected allottee, as a series of means of support by INCJ.

Considering that the Third-party Allotment of Preferred Shares is part of the support offered by INCJ with the aim of raising JDI's capital adequacy ratio and improving its financial structure by way of converting

part of the debt to equity, JDI has determined that a borrowing and fundraising through issuance of common bonds are unrealistic choices for JDI.

3. 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 102,000 million
② Estimated issuance expenses	JPY 380 million
③ Estimated net proceeds	JPY 101,620 million

(Note) 1. Estimated issuance expenses consisted of registration-related costs, attorney's fees, valuation costs for the Class A Preferred Shares, and other costs.

2. Estimated issuance expenses do not include consumption tax, etc.

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

Together with a new borrowing from INCJ under the Senior Loan Agreement (the total amount of which is JPY 50 billion) and JDI's own fund, JDI plans to use the proceeds of the Third-party Allotment of Preferred Shares for the repayment or retirement by purchase of (i) the borrowing under the Commitment Line Agreement, (ii) the Short-term Loan, and (iii) the 1st Series Bonds with Stock Acquisition Rights. Also, such proceeds will be managed in a bank account until paid for the use below.

Specific use	Amount (JPY million)	Intended timing of expenditure
Repayment or retirement by purchase of (i) the borrowing under the Commitment Line Agreement, (ii) the Short-term Loan, and (iii) the 1st Series Bonds with Stock Acquisition Rights	101,620	From August 2019 to August 2020

4. Views on the rationality of use of funds

JDI believes that the use of the funds to be raised through the Third-party Allotment of Preferred Shares is reasonable, since such funds will improve JDI's financial structure by allocating them to the use stated in "3. 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" above.

5. Rationality of terms and conditions of the issuance

(1) Basis for calculation of the paid amount and the details thereof

Since the issuance of the Class A Preferred Shares is implemented together with the Sponsor Third-party Allotment as a series of transactions, and the terms and conditions of the issuance of the Class A Preferred Shares are provided in the MOU (which was executed on the same day as the Sponsor Third-party Allotment), when executing the MOU, JDI requested that Akasaka International Tax and Co. (a third-party financial advisor) provide a price valuation of the Class A Preferred Shares and submit a fairness opinion in consideration of the terms and conditions of the Class A Preferred Shares provided in the MOU; subsequently, it obtained from Akasaka International Tax and Co. the class share valuation report dated April 12, 2019. Akasaka International Tax and Co. (which is a third-party financial advisor) is not a related party of JDI and INCJ, and has no material interest that should be stated in connection with the Third-party Allotment of Preferred Shares.

According to the class share valuation report above, Akasaka International Tax & Co. calculated that the fair value of the Class A Preferred Shares ranges from JPY 78.8 to JPY 86.2 per JPY 100 as the Class A 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, JDI obtained the fairness opinion dated April 12, 2019, from Akasaka International Tax & Co. that the amount paid for the Class A Preferred Shares is reasonable to the shareholders of JDI excluding JDI and INCJ from a financial perspective.

The issuance of the Class A Preferred Shares will be implemented subject to the same terms and conditions as those provided in the MOU. JDI considers that the terms and conditions of the Class A Preferred Shares are fair because according to the class shares valuation report and the fairness opinion above, the range per JPY 100 as the Class A Preferred Shares calculated by Akasaka International Tax & Co. is lower than JPY 100.

In addition, four company auditors of JDI have expressed their opinions that the amount to be paid related to the Third-party Allotment of Preferred Shares does not fall under an amount especially favorable for INCJ based on the class share valuation report and the fairness opinion above.

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

However, the Class A Preferred Shares have no objective market price, and different views on the valuation

price are possible because the valuation of class shares is extremely difficult and complicated. Therefore, it cannot be denied that the paid amount of the Class A Preferred Shares might be considered especially favorable for the expected allottee under the Companies Act. Consequently, JDI has determined to issue the Class A Preferred Shares just to be sure, on condition that JDI obtains the approval of its shareholders through an extraordinary resolution at its shareholders meeting concerning the favorable issuance under Article 199, paragraph (2) of the Companies Act.

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

The number of shares to be delivered where all of the Class A Preferred Shares are converted to the shares of common stock of JDI is 453,333,333 shares (the number of voting rights is 4,533,333) at the most, and the dilution ratio is equivalent to 53.58% (the dilution ratio based on the voting rights is equivalent to 53.58%), the denominator of which is the total number of issued and outstanding shares of JDI as of June 30, 2019 (846,165,800 shares) and the number of voting rights as of June 30, 2019 (8,461,478). Also, regarding the total number of the following (2,053,333,333 shares) (the total number of the voting rights is 20,533,333), the dilution ratio is equivalent to 242.66% (the dilution ratio based on the voting rights is equivalent to 242.67%), the denominator of which is the total number of issued and outstanding shares of JDI as of June 30, 2019 (846,165,800 shares) and the number of voting rights as of June 30, 2019 (8,461,478): (i) the largest number of shares to be delivered where all of the Class A Preferred Shares are converted to shares of common stock of JDI (453,333,333 shares) (the number of voting rights is 4,533,333), (ii) the number of the Sponsor New Shares to be issued (840,000,000 shares) (the number of voting rights is 8,400,000), (iii) the number of shares to be delivered where all of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd series unsecured convertible bonds with stock acquisition rights to be allocated to the Sponsor (the "3rd Series Bonds with Stock Acquisition Rights") are exercised at the conversion price of JPY 50 (760,000,000 shares) (the number of voting rights is 7,600,000).

As stated above, a large-scale dilution will be expected to occur through the Third-party Allotment of Preferred Shares. On the other hand, considering that (i) the dilution does not occur immediately because the conversion from the Class A Preferred Shares to common shares of JDI by exercising rights to acquire the common shares attached to the Class A Preferred Shares only becomes possible after the first anniversary of the issuance of the Class A Preferred Shares, (ii) the Class A Preferred Shares have no voting rights, (iii) JDI intends to implement the retirement by purchase of the 1st Series Bonds with Stock Acquisition Rights in exchange for the issuance of the Class A Preferred Shares resulting in the potential shares relating to the 1st Series Bonds with Stock Acquisition Rights ceasing to exist, JDI believes that the influence on the existing shareholders of JDI is controlled. Also, JDI believes that it is reasonable to implement the Third-party Allotment of Preferred Shares despite the large-scale dilution that will occur through the Third-party Allotment, considering that the allotment of the Class A Preferred Shares will raise JDI's capital adequacy ratio and improve its financial structure through the repayment of debt capital using funds that JDI will obtain

through the allotment of the Class A Preferred Shares.

6. Reason for selecting the expected allottee

(1) Outline of the expected allottee

(1)	Name	INCJ Ltd.		
(2)	Registered address	1-4-1 Marunouchi, Chiyoda-ku, Tokyo		
(3)	Title and name of representative	Representative Director and Chairman (CEO): Toshiyuki Shiga Representative Director and President (COO): Mikihide Katsumata		
(4)	Description of business	Support for specific business activities under a similar framework based on the Industrial Competitiveness Enhancement Act before amendments (Law No. 98 of 2013)		
(5)	Capital	JPY 500 million		
(6)	Date of incorporation	September 21, 2018		
(7)	Total number of issued and outstanding shares	10,000 shares		
(8)	Fiscal year-end	March 31		
(9)	Number of employees	113		
(10)	Main banks	Shinkin Central Bank, The Norinchukin Bank, and MUFG Bank, Ltd.		
(11)	Major shareholder and its shareholding ratio (as of August 27, 2019)	Japan Investment Corporation 100.0%		
(12)	Relationship with JDI	Capital relationship	As of today, INCJ holds 214,000,000 shares of JDI (25.29% of JDI's issued and outstanding shares).	
		Personnel relationship	One employee (the executive officer) of INCJ serves concurrently as JDI's outside director.	
		Transaction relationship	INCJ provides JDI with support of funds, loan guarantee, and security.	
		Status as related party	N/A	
(13)	Business performance and financial conditions for the last 3 years (million JPY, except where otherwise specified)			
		Fiscal year ending in March 2017	Fiscal year ending in March 2018	Fiscal year ending in March 2019
	Net assets	-	-	590,723
	Total assets	-	-	771,214

Net assets per share (JPY)	-	-	59,072,310.97
Net sales	-	-	261,018
Operating income (loss)	-	-	115,365
Ordinary income (loss)	-	-	115,453
Current net income (loss)	-	-	53,686
Current net income (loss) per share (JPY)	-	-	5,368,683.80
Dividend per share (JPY)	-	-	-

(Note) 1 INCJ was established by way of an incorporation-type company split from Innovation Network Corporation of Japan (the current name of which is Japan Investment Corporation) on September 21, 2018. Therefore, "(13) Business performance and financial conditions for the last 3 years" above does not provide the business performance and financial conditions for the fiscal years ending in March 2017 and March 2018. With respect to the business performance and financial conditions for the fiscal years ending in March 2019, they are also based on those of Innovation Network Corporation of Japan.

2 INCJ is a *Kabushiki-Kaisha* incorporated through an incorporation-type company split from Innovation Network Corporation of Japan (the current name of which is Japan Investment Corporation), which was established by joint investment between the public and private sectors, under the Industrial Competitiveness Enhancement Act (the name of which was the Law on Special Measures for Industrial Revitalization and Innovation at the time when INCJ was incorporated). JDI has confirmed that INCJ does not have any relationship with any Antisocial Forces, through hearings, etc. Also, jointly considering that INCJ's compliance manual states that INCJ has a strict structure for its officers and employees to break off relations with Antisocial Forces, JDI has concluded that INCJ, its officers, and major shareholders are not Antisocial Forces, and do not have any relationship with any Antisocial Forces.

(2) Reason for selecting the expected allottee

As stated in the Disclosure as of April 12, 2019, in the business environment surrounding JDI, there has been an accelerated replacement to use of OLED displays in the mobile display market, global slowdown in the growth of the smartphone market, and intensified price competition in the smartphone display market. Without a large-scale injection of capital funds, JDI 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, it may cause JDI to have difficulties in maintaining its ability to remain a going business concern due to the deterioration of its financing. Therefore, JDI has determined to implement the Sponsor Third-party Allotment in order to secure a long-term stabilization fund through its large-scale injection of capital funds. In the sponsor selection process, the Sponsor had discussions with INCJ, which is JDI's largest major shareholder and largest creditor, about the necessity to

secure a long-term stabilization fund for JDI's sustainable business operations, and asked INCJ to provide support for JDI. As a result, INCJ announced its intent that INCJ could provide JDI with various means of support including refinancing. Based on the background above, JDI determined to issue the Class A Preferred Shares as a series of means of support by INCJ. JDI believes that this allows JDI to improve its financial structure by way of converting part of the debt to equity.

(3) Shareholding policy of the expected allottee

Regarding the Class A Preferred Shares, JDI has received from INCJ the explanation that INCJ intends to hold the Class A Preferred Shares for the medium term, principally. Furthermore, JDI plans to acquire a written confirmation to the effect that if INCJ has assigned all or part of the Class A Preferred Shares within two years after the payment date, (i) it will immediately report those details, including the name and the address of the assignee, and the number of the assigned shares, etc., to JDI, in writing, (ii) JDI will report the contents of that report, etc. to the Tokyo Stock Exchange, and (iii) INCJ will agree to the contents of that report being provided for public inspection.

(4) Details confirmed with regard to the existence of funds required for the payment by the expected allottee

INCJ is a *Kabushiki-Kaisha* incorporated through an incorporation-type company split from Innovation Network Corporation of Japan (the current name of which is Japan Investment Corporation), which was established by joint investment between the public and private sectors, under the Industrial Competitiveness Enhancement Act (the name of which was the Law on Special Measures for Industrial Revitalization and Innovation at the time when INCJ was incorporated). The funds necessary for INCJ to operate its business, including its investments, are procured by borrowings from Japan Investment Corporation in accordance with the cash management service (CMS) introduced between INCJ and Japan Investment Corporation. Also, the funds necessary for a loan to be provided to INCJ by Japan Investment Corporation are procured by borrowings and bonds. Taking these into consideration, JDI has concluded that INCJ's payment for the Third-party Allotment of Preferred Shares will certainly be implemented.

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

(1) Common Shares

- ① After the issuance of the Class A Preferred Shares and the Sponsor New Shares and the exercise of all the stock acquisition rights attached to the 2nd Series Bonds with Stock Acquisition Rights and put options attached to the Class A Preferred Shares

Before the offering (as of June 30, 2019)	After the offering (only including shares to be delivered through an exercise of the 2nd Series Stock Acquisition Rights and put options attached to the Class A Preferred
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		Shares)
INCJ, Ltd.	25.29%	Suwa Investment Holdings, LLC 43.49%
GOLDMAN SACHS INTERNATIONAL	5.10%	INCJ, Ltd. 29.02%
NICHIA CORPORATION	4.13%	GOLDMAN SACHS INTERNATIONAL 1.88%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1.86%	NICHIA CORPORATION 1.52%
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	1.37%	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) 0.68%
Sony Corporation	1.26%	J.P. MORGAN BANK LUXEMBOURG S.A. 1300000 0.50%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1.17%	Sony Corporation 0.47%
Haneda Turtle Service Co., Ltd.	1.14%	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB 0.43%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.12%	Haneda Turtle Service Co., Ltd. 0.42%
Akio Utsumi	1.11%	Japan Trustee Services Bank, Ltd. (Trust Account 9) 0.41%

- (Note) 1 The table above is based on the shareholders register as of June 30, 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 (2,299,499,133 shares) that adds (i) the number of the Sponsor New Shares (840,000,000 shares), (ii) the number of shares subject to the stock acquisition rights attached to the 2nd Series Bonds with Stock Acquisition Rights (160,000,000 shares), and (iii) the largest number of potential shares relating to the Class A Preferred Shares (453,333,333) to the total number of issued and outstanding shares of JDI (846,165,800 shares) as of June 30, 2019. JDI has resolved, at its board of directors meeting held on August 27, 2019, to propose delegating all decisions regarding the following matters to its board of directors meeting as the proposal related to the Sponsor Third-party Allotment to be submitted to the General Meeting of Shareholders: (i) to increase the total amount of the issue price of the 2nd Series Bonds with Stock Acquisition Rights with an upper limit of JPY 10 billion, and the number of share options attached to the 2nd Series Bonds with Stock Acquisition Rights with an upper limit of 100, and (ii) to decrease the total amount of the issue price of the 3rd Series Bonds with Stock

Acquisition Rights with an upper limit of JPY 10 billion, and the number of share options attached to the 3rd Series Bonds with Stock Acquisition Rights with an upper limit of 100 (however, the total amount of the issue price of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights will be JPY 38 billion, and the total number of stock options attached to the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Stock Acquisition Rights will be 380).

- 4 Effissimo Capital Management Pte. Ltd. submitted the Report of Possession of Large Volume (the Change Report) dated July 8, 2019. However, JDI 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 Class A Preferred Shares and the Sponsor New Shares, and the exercise of all the stock acquisition rights attached to the 2nd Series Bonds with Stock Acquisition Rights, the 3rd Series Bonds with Stock Acquisition Rights, and put options attached to the Class A Preferred Shares

Before the offering (as of June 30, 2019)		After the offering (including shares to be delivered through an exercise of the 2nd Series Stock Acquisition Rights, the 3rd Series Stock Acquisition Rights, and put options attached to the Class A Preferred Shares)	
INCJ, Ltd.	25.29%	Suwa Investment Holdings, LLC	55.18%
GOLDMAN SACHS INTERNATIONAL	5.10%	INCJ, Ltd.	23.02%
NICHIA CORPORATION	4.13%	GOLDMAN SACHS INTERNATIONAL	1.49%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1.86%	NICHIA CORPORATION	1.21%
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	1.37%	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	0.54%
Sony Corporation	1.26%	J.P. MORGAN BANK LUXEMBOURG S.A. 1300000	0.40%
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	1.17%	Sony Corporation	0.37%
Haneda Turtle Service Co., Ltd.	1.14%	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	0.34%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.12%	Haneda Turtle Service Co., Ltd.	0.33%

Akio Utsumi	1.11%	Japan Trustee Services Bank, Ltd. (Trust Account 9)	0.33%
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- (Note) 1 The table above is based on the shareholders register as of June 30, 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 (2,899,499,133 shares) that adds (i) the number of the Sponsor New Shares (840,000,000 shares), (ii) the number of shares subject to the stock acquisition rights attached to each of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights (760,000,000 shares in total), and (iii) the largest number of potential shares relating to the Class A Preferred Shares (453,333,333) to the total number of issued and outstanding shares of JDI (846,165,800 shares) as of June 30, 2019.
- 4 Effissimo Capital Management Pte. Ltd. submitted the Report of Possession of Large Volume (the Change Report) dated July 8, 2019. However, JDI cannot confirm the substantial ownership as of today. Therefore, the table above does not include Effissimo Capital Management Pte. Ltd.

(2) The Class A Preferred Shares

Before the offering (as of August 27, 2019)	After the offering	
N/A	INCJ, Ltd.	100.0%

8. Future outlook

The effect on JDI's business performance for the current consolidated fiscal year is insignificant. JDI considers that the Third-party Allotment of Preferred Shares will improve JDI's financial structure, and contribute to stable growth of JDI's business and enhancement of the share value in the medium to long term.

9. Matters related to procedures required under the corporate code of conduct

Since the dilution ratio through the Third-party Allotment of Preferred Shares will be greater than 25%, JDI is required to obtain opinions from independent third-parties or follow the procedures for confirming the intent of shareholders under Article 432 of the Securities Listing Regulations set forth by Tokyo Stock Exchange.

Therefore, JDI will follow the procedures for confirming the intent of shareholders with respect to the Third-party Allotment of Preferred Shares through an extraordinary resolution at the General Meeting of Shareholders.

Also, the Third-party Allotment of Preferred Shares will not only be accompanied by a large-scale dilution, but also, as stated in "5. Rationality of terms and conditions of the issuance, (1) Basis for calculation of the paid amount and the details thereof" above, it cannot be denied that the paid amount of the Class A Preferred Shares might be considered to be especially favorable for the expected allottee under the Companies Act, as the Class A Preferred Shares have no objective market price, and different views on the valuation price are possible, because the valuation of class shares is extremely difficult and complicated. Therefore, considering the scale of the impact on its existing shareholders, in order to ensure the fairness, transparency, and objectivity of JDI's decision-making process, JDI selected Mr. Takahisa Hashimoto and Mr. Ryosuke Kuwada, as directors of JDI (both of whom are the outside directors and have been registered with the Tokyo Stock Exchange as Independent Directors of JDI), and requested that they provide an opinion with regard to the Third-party Allotment of Preferred Shares as persons who maintain a certain independence from JDI's management. They provided their opinion as of today as follows:

① Opinion

The Third-party Allotment of Preferred Shares has necessity and appropriateness.

② Necessity of Third-party Allotment

In the business environment surrounding JDI, there has been an accelerated replacement to use of OLED displays in the mobile display market, global slowdown in the growth of the smartphone market, and intensified price competition in the smartphone display market. Without a large-scale injection of capital funds, JDI 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, it may cause JDI to have difficulties in maintaining its ability to remain a going business concern due to the deterioration of its financing. In light of this situation, JDI has determined to implement the Sponsor Third-party Allotment in order to secure a long-term stabilization fund through its large-scale injection of capital funds.

In the sponsor selection process, the Sponsor had discussions with INCJ (which is JDI's largest major shareholder and largest creditor) about the necessity to secure a long-term stabilization fund for JDI's sustainable business operations, and asked INCJ to provide support for JDI. As a result, INCJ announced its intent that INCJ could provide JDI with various means of support including refinancing.

Based on the background above, JDI determined to issue the Class A Preferred Shares as a series of means of support by INCJ, because JDI believes that this allows JDI to secure a long-term stabilization fund, and to raise JDI's capital adequacy ratio and improve its financial structure by way of converting part of the debt

to equity.

Specifically, JDI plans to use the proceeds of the Third-party Allotment of Preferred Shares for the repayment or retirement by purchase of (i) the borrowing under the Commitment Line Agreement (the amount of which is JPY 107 billion), (ii) the Short-term Loan (the total amount of the principal of which is JPY 20 billion), and (iii) the 1st Series Bonds with Stock Acquisition Rights (the outstanding amount of which is JPY 25 billion). This allows JDI to raise JDI's capital adequacy ratio and improve its financial structure by way of converting part of the debt to equity.

Therefore, we think that JDI has a necessity of the Third-party Allotment.

- ③ Appropriateness of the scheme of the Third-party Allotment of Preferred Shares in comparison with other measures

Considering the situation in which JDI finds itself and the necessity for the Third-party Allotment of Preferred Shares, we do not think that it is appropriate for JDI to adopt any of the following as means for the intended fundraising, instead of the Third-party Allotment of Preferred Shares, from the perspective of consistency with JDI's purpose, feasibility, certainty of fundraising: a borrowing, issuance of common bonds, issuance of common shares through public offering, issuance of stock options, rights offering, allotment to shareholders, issuance of common shares through third-party allotment, or issuance of bonds with stock acquisition rights. On the other hand, we can determine that the Third-party Allotment of Preferred Shares is the best choice at the current time, because it is highly likely to raise the necessary scale of equity, and it is considerate of existing shareholders while securing expedited fundraising.

- ④ Conditions of the Third-party Allotment of Preferred Shares are reasonable

When executing the MOU, JDI requested that Akasaka International Tax and Co. provide a price valuation of the Class A Preferred Shares and submit a fairness opinion in consideration of the terms and conditions of the Class A Preferred Shares provided in the MOU; subsequently, it obtained from Akasaka International Tax and Co. the class share valuation report dated April 12, 2019.

According to the class share valuation report above, Akasaka International Tax & Co. calculated that the fair value of the Class A Preferred Shares ranges from JPY 78.8 to JPY 86.2 per JPY 100 as the Class A 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, which is the valuation date.

Also, JDI obtained the fairness opinion dated April 12, 2019, from Akasaka International Tax & Co. that the amount paid for the Class A Preferred Shares is reasonable to the shareholders of JDI, excluding JDI and

INCJ from a financial perspective.

Further, conditions of the Class A Preferred Shares provide for the following: (i) the conversion from the Class A Preferred Shares to cash only becomes possible after the third anniversary of the issuance of the Class A Preferred Shares; (ii) the conversion from the Class A Preferred Shares to common shares of JDI by exercising rights to acquire the common shares attached to the Class A Preferred Shares only becomes possible after the first anniversary of the issuance of the Class A Preferred Shares, and in this case, the conversion price is at least JPY 225; (iii) shareholders of the Class A Preferred Shares are pari passu with common shareholders regarding a dividend of surplus; and (iv) the Class A Preferred Shares have no voting rights. According to the class share valuation report and fairness opinion above, the range per JPY 100 as the Class A Preferred Shares is lower than JPY 100. Therefore, JDI has determined that the conditions of the Class A Preferred Shares are fair.

Based on the facts above, we think that the amount to be paid for the Class A Preferred Shares related to the Third-party Allotment of Preferred Shares does not fall under an amount especially favorable for INCJ as an expected allottee, and that the conditions of the Class A Preferred Shares are reasonable.

⑤ Appropriateness of the Third-party Allotment of Preferred Shares

The number of shares to be delivered if all the Class A Preferred Shares are converted into common shares of JDI is 453,333,333 shares (the number of voting rights is 4,533,333) at the most, and the dilution ratio is equivalent to 53.58% (the dilution ratio based on the voting rights is equivalent to 53.58%), the denominator of which is the total number of issued and outstanding shares of JDI as of June 30, 2019 (846,165,800 shares), and the number of voting rights as of June 30, 2019 (8,461,478). Also, regarding the total number of the following (2,053,333,333 shares) (the total number of the voting rights is 20,533,333), the dilution ratio is equivalent to 242.66% (the dilution ratio based on the voting rights is equivalent to 242.67%), the denominator of which is the total number of issued and outstanding shares of JDI as of June 30, 2019 (846,165,800 shares), and the number of voting rights as of June 30, 2019 (8,461,478): (i) the largest number of shares to be delivered where all of the Class A Preferred Shares are converted to shares of common stock of JDI (453,333,333 shares) (the number of voting rights is 4,533,333); (ii) the number of the Sponsor New Shares to be issued (840,000,000 shares) (the number of voting rights is 8,400,000); (iii) the number of shares to be delivered where all of the 2nd Series Bonds with Stock Acquisition Rights and the 3rd series unsecured convertible bonds with stock acquisition rights to be allocated to the Sponsor (the "3rd Series Bonds with Stock Acquisition Rights") are exercised at the conversion price of JPY 50 (760,000,000 shares) (the number of voting rights is 7,600,000).

As stated above, a large-scale dilution will be expected to occur through the Third-party Allotment of Preferred Shares. On the other hand, considering that (i) the dilution does not occur immediately because

the conversion from the Class A Preferred Shares to common shares of JDI by exercising rights to acquire the common shares attached to the Class A Preferred Shares only becomes possible after the first anniversary of the issuance of the Class A Preferred Shares, (ii) the Class A Preferred Shares have no voting rights, (iii) JDI intends to implement the retirement by purchase of the 1st Series Bonds with Stock Acquisition Rights in exchange for the issuance of the Class A Preferred Shares resulting in the potential shares relating to the 1st Series Bonds with Stock Acquisition Rights ceasing to exist, JDI believes that the influence on the existing shareholders of JDI is controlled.

Also, the allotment of the Class A Preferred Shares will raise JDI's capital adequacy ratio and improve its financial structure through the repayment of debt capital using funds that JDI will obtain through the allotment of the Class A Preferred Shares.

Considering each circumstance above, even though we acknowledge that a large-scale dilution will occur due to the Third-party Allotment and Sponsor Third-party Allotment, we think that there is still a necessity and appropriateness of the Third-party Allotment of Preferred Shares.

10. Status of business performance and equity finances in the last 3 years

(1) Business performance for the last 3 years (consolidated)

(million JPY, except where otherwise specified)

	Fiscal year ending in March 31, 2017	Fiscal year ending in March 31, 2018	Fiscal year ending in March 31, 2019
Net sales	884,440	717,522	636,661
Operating income (loss)	18,502	(61,749)	(30,989)
Ordinary income (loss)	(8,871)	(93,658)	(44,153)
Consolidated current net income (loss)	(31,664)	(247,231)	(109,433)
Current net income (loss) per share (JPY)	(52.65)	(411.09)	131.84
Dividend per share (JPY)	-	-	-
Consolidated net assets per share (JPY)	540.16	133.58	5.91

(2) Current number of issued and outstanding shares and potential shares (as of June 30, 2019)

	Number of shares	Ratio to the number of issued and outstanding shares
Number of issued and outstanding shares	846,165,800 shares	100%

Number of potential shares at the current time	76,332,418 shares	9.02%
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(3) Recent share price status

① Share price in the last 3 year (JPY)

	Fiscal year ending in March 31, 2017	Fiscal year ending in March 31, 2018	Fiscal year ending in March 31, 2019
Opening price	221	260	183
High price	398	290	189
Low price	138	174	50
Closing price	260	193	69

② Share price in the last 6 months (JPY)

	March 2019	April	May	June	July	August
Opening price	71	79	77	61	73	74
High price	75	93	78	79	85	75
Low price	67	73	50	51	69	59
Closing price	69	78	64	71	75	59

(Note) Share prices for August are the prices as of August 26.

③ Share price on the business day preceding the day of the resolution of the board of directors meeting concerning the issuance (JPY)

	August 26, 2019
Opening price	60
High price	62
Low price	59
Closing price	59

(4) Status of equity finance in the last 3 years

- Issuance of the 1st series unsecured subordinated convertible bonds with stock acquisition rights through third-party allotment

Payment date	January 11, 2017
Amount of funds to be raised	JPY 44,915 million (estimated net proceeds)

Conversion price	JPY 391
Number of issued and outstanding shares at the time of the offering	601,411,900 shares
Allottee	Innovation Network Corporation of Japan (current trade name is INCJ, Ltd.)
Number of potential shares due to the offering	63,938,618 shares (as of April 12, 2019)
Status of conversion (status of exercise) at the current time	Number of converted shares (exercised shares): 0 shares (Balance as of April 12, 2019: JPY 25,000 million, Conversion price: JPY 391)
Initial purpose of use of funds at the time of issuance	R&D expenses for printing OLED (JPY 44,915 million)
Intended timing of expenditure of funds at the time of issuance	From January 2017 to March 2020
Status of appropriation at the current time	Partial redemption of JPY 20 billion was made on June 29, 2018. All of the remaining balance of the funds procured has been used for R&D expenses for printing OLED as stated in the initial purpose of use of funds.

• Issuance of the new shares through third-party allotment to Nichia Corporation

Payment date	April 25, 2018
Amount of funds to be raised	JPY 4,869 million (estimated net proceeds)
Issue price	JPY 143 per share
Number of issued and outstanding shares at the time of the offering	601,411,900 shares
Number of issued shares due to the offering	34,965,000 shares
Total number of issued and outstanding shares after the offering	636,376,900 shares
Allottee	Nichia Corporation
Initial purpose of use of funds at the time of issuance	① Increasing working capital to respond to mass production of FULL ACTIVE™ ② Capital investments for FULL ACTIVE™ back-end manufacturing (module assembly)
Intended timing of	① From July 2018 to March 2019

expenditure of funds at the time of issuance	② From May 2018 to March 2019
Status of appropriation at the current time	All of the funds procured have been used for increased working capital for mass production of FULL ACTIVE™ and capital investments for back-end manufacturing for FULL ACTIVE™, as stated in the initial purpose of use of funds.

(Note) The number of issued and outstanding shares stated above does not include the increase due to the number of new shares issued through the third-party allotment to overseas financial institutional investors, for which the payment was made on the same day. The total number by which the issued shares increased as a result of the third-party allotment to overseas financial institutional investors is 209,788,900 shares, and the total number of the issued and outstanding shares considering the third-party allotment to the overseas financial institutional investors is 846,165,800 shares.

• Issuance of the new shares through third-party allotment to overseas financial institutional investors

Payment date	April 25, 2018
Amount of funds to be raised	JPY 29,179 million (estimated net proceeds)
Issue price	JPY 143 per share
Number of issued and outstanding shares at the time of the offering	601,411,900 shares
Number of issued shares due to the offering	209,788,900 shares
Total number of issued and outstanding shares after the offering	811,200,800 shares
Allottee	The Segantti Asia-Pacific Equity Multi-Strategy Fund, Monashee Investment Management LLC, Nezu Asia Capital Management Limited, and 27 others
Initial purpose of use of funds at the time of issuance	① Increasing working capital to respond to mass production of FULL ACTIVE™ ② Capital investments for FULL ACTIVE™ back-end manufacturing (module assembly)
Intended timing of expenditure of funds at the time of issuance	① From July 2018 to March 2019 ② From May 2018 to March 2019
Status of appropriation at the current time	All of the funds procured have been used for increased working capital for mass production of FULL ACTIVE™ and capital investments for back-end manufacturing for FULL ACTIVE™, as stated in the initial purpose of use of funds.

(Note) The number of issued and outstanding shares stated above does not include the increase due to the number of new shares issued through the third-party allotment to an operational company for which the payment was

made on the same day. The total number by which the issued shares increased as a result of the third-party allotment to the operational company is 34,965,000 shares, and the total number of the issued and outstanding shares considering the third-party allotment to the operational company is 846,165,800 shares.

- Issuance of the new shares, the 2nd unsecured convertible bonds with stock acquisition rights, and the 3rd unsecured convertible bonds with stock acquisition rights through third-party allotment to Suwa Investment Holdings, LLC (scheduled)

Payment period (Payment date)	From August 29, 2019 to August 28, 2020 (common shares) Any date from August 29, 2019 to August 28, 2020 (the 2nd Series Bonds with Stock Acquisition Rights and the 3rd Series Bonds with Stock Acquisition Rights)
Amount of funds to be raised	JPY 79,210 million (estimated net proceeds)
Issue (conversion) price	Issue price (common shares): JPY 50 per share Conversion price (the 2nd unsecured convertible bonds with stock acquisition rights, and the 3rd unsecured convertible bonds with stock acquisition rights): JPY 50
Number of issued and outstanding shares at the time of the offering	846,165,800 shares
Number of issued shares due to the offering (number of potential shares)	Number of issued shares (common shares): 840,000,000 shares Number of potential shares (the 2nd unsecured convertible bonds with stock acquisition rights, and the 3rd unsecured convertible bonds with stock acquisition rights): 760,000,000 shares
Total number of issued and outstanding shares after the offering	1,686,165,800 shares (scheduled)
Allottee	Suwa Investment Holdings, LLC
Initial purpose of use of funds at the time of issuance	① Working capital (JPY 38,000 million) ② R&D expenses in growth businesses (JPY 9,210 million) ③ Capital investment in growth businesses (JPY 32,000 million)
Intended timing of expenditure of funds at the time of issuance	From August 2019 to March 2021

11. Conditions of the issuance of the Class A Preferred Shares

For the conditions of the Issuance of the Class A Preferred Shares, please refer to Schedule 1.

III. Partial Amendment of the Articles of Incorporation concerning Issuance of Class A Preferred Shares

1. Reason for the amendment

JDI newly establishes the article related to the Class A Preferred Shares in order to enable the issuance of the Class A Preferred Shares. Also, JDI amends and adds the other languages, etc., as well.

2. Details of the amendment

For the details of the amendment, please refer to Schedule 2.

The partial amendment of the Articles of Incorporation is subject to the condition that the Sponsor Third-party Allotment is implemented.

3. Schedule

(1)	Date of the resolution of the board of directors meeting	August 27, 2019
(2)	Date of the General Meeting of Shareholders	September 27, 2019
(3)	Effective date of the amendment of the Articles of Incorporation	Any day from September 27, 2019 to August 28, 2020 (scheduled) (Note)

(Note) The amendment will be effective on the day when payment of the Sponsor Third-party Allotment is made, and the Sponsor New Shares and the 2nd Series Bonds with Stock Acquisition Rights are issued.

Schedule 1

Conditions of the Class A Preferred Shares
of Japan Display Inc.

1. Class of shares to be offered

Class A preferred shares of Japan Display Inc. (the "Class A Preferred Shares")

2. Number of shares to be offered

1,020,000,000 shares

3. Amount to be paid

JPY 100 per share

4. Total proceeds

JPY 102,000,000,000

5. Amount of capital to be increased

JPY 51,000,000,000 (JPY 50 per share)

6. Amount of capital reserve to be increased

JPY 51,000,000,000 (JPY 50 per share)

7. Payment date

Any date from September 27, 2019 to August 28, 2020

8. Allottee / Number of shares

All Class A Preferred Shares will be allotted to INCJ, Ltd. through third-party allotment.

【Details of the Class A Preferred Shares】

9. Dividend of surplus

JDI will pay dividends per Class A Preferred Share calculated by multiplying dividends per common share by the Class A Conversion Rate (defined below) on the dividend payment date to shareholders or pledgees of the Class A Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date (if a record date is set, on such record date; hereinafter the same) (such shareholders, the "Class A Preferred Shareholders", and such pledgees, the "Registered Pledgees of Class A Preferred Shares") pari passu with shareholders and pledgees of common shares who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the "Common Shareholders", and such pledgees, the "Registered Pledgees of Common Shares").

"Class A Conversion Rate" means the number (calculated to the third decimal place, and the digit in the third decimal place will be omitted) obtained by dividing the Class A Investment Amount (defined in 13.(2) below; hereinafter the same) at that time by the Class A Conversion Price (defined in 15.(4) below; hereinafter the same).

10. Distribution of residual assets

(1) Distribution of residual assets

When JDI distributes its residual assets at the dissolution of JDI, JDI will pay amounts per Class A Preferred Share equivalent to the Class A Investment Amount to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares before the Common Shareholders and Registered Pledgees of Common Shares.

(2) Participation clause

If residual assets remain even after the distribution of residual assets to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares pursuant to 10.(1) above, JDI will distribute residual assets per Class A Preferred Share calculated by multiplying the amount of residual assets per common share by the Class A Conversion Rate at the time of the distribution of residual assets to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares pari passu with the Common Shareholders and Registered Pledgees of Common Shareholders.

11. Transfer restriction

The Class A Preferred Shares have no transfer restriction.

12. Voting rights

The Class A Preferred Shareholders have no voting rights at general meetings of shareholders, unless otherwise provided for by law.

13. Cash-consideration put option (right to claim the redemption)

(1) Details of the redemption claim

The Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares can claim that JDI acquire the Class A Preferred Shares in whole or in part with cash consideration anytime on and after the third anniversary of the payment date (the "Redemption Claim"). In this case, in exchange for acquiring one Class A Preferred Share, within the limit of the distributable amount under Article 461, paragraph (2) of the Companies Act as of the effective date of such Redemption Claim (the "Redemption Claim Date"), and to the extent permitted by relevant laws or regulations, JDI will deliver cash the amount of which is equivalent to the Class A Investment Amount to such Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares on such Redemption Claim Date.

If the Redemption Claim exceeds the distributable amount as of the Redemption Claim Date, the Class A Preferred Shares that JDI should acquire are determined by its board of directors meeting on a pro rata basis in accordance with the number of the Class A Preferred Shares subject to the Redemption Claim.

(2) Class A Investment Amount

The Class A Investment Amount is as follows:

- (a) The initial amount will be JPY 100.
- (b) If JDI implements a share split, consolidation of shares, or allotment of shares without contribution (collectively, the "Share Split, etc."), the Class A Investment Amount will be adjusted in accordance with the formula below. If a fraction that is less than JPY 1 occurs as a result of the adjustment, JDI will calculate such fraction to the third decimal place, and omit the digit in the third decimal place. In the case of an allotment of shares without contribution, "Number of issued and outstanding Class A Preferred Shares before the Share Split, etc." and "Number of issued and outstanding Class A Preferred Shares after the Share Split, etc." in the following formula are to be read as "Number of issued and outstanding Class A Preferred Shares before the allotment of shares without contribution (excluding, however, the Class A Preferred Shares held by JDI at that time)" and "Number of issued and outstanding Class A Preferred Shares after the allotment of shares without contribution (excluding, however, the Class A Preferred Shares held by JDI at that time)", respectively.

$$\frac{\text{Class A Investment Amount after adjustment}}{\text{Class A Investment Amount before adjustment}} = \frac{\text{Number of issued and outstanding Class A Preferred Shares before the Share Split, etc.}}{\text{Number of issued and outstanding Class A Preferred Shares after the Share Split, etc.}}$$

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

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

14. Cash-consideration call option (mandatory redemption)

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

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

(1) Details of the conversion claim

On or after the first anniversary of the payment date, within a two-week period after the release of JDI's quarterly financial results for each quarterly period, the Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares can claim that JDI deliver common shares per Class A Preferred Share the number of which is calculated based on the formula stated in 15.(3) below, in exchange for JDI acquiring the Class A Preferred Shares (the "Conversion Claim", and the effective date of the Conversion Claim, the "Conversion Claim Date").

(2) Limit of the conversion claim

Notwithstanding 15.(1) above, if the Number of Authorized Shares (defined below) is less than the Total Number of Common Shares to be Delivered upon Conversion Claim (defined below) on the Conversion Claim Date, only Class A Preferred Shares the number of which is calculated by multiplying (i) the number of the Class A Preferred Shares subject to the Conversion Claim by the Class A Preferred Shareholders on such Conversion Claim Date by (ii) the number obtained by dividing the Number of Authorized Shares by the Total Number of Common Shares to be Delivered upon Conversion Claim (calculated to the first decimal place, and the digit in the first decimal place will be omitted. If it is less than 0, it is deemed to be 0.) will take effect of the acquisition of the Class A Preferred Shares by JDI based on the Conversion Claim by such Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares, and the Class A Preferred Shares subject to the Conversion Claim other than those that take effect of the acquisition are deemed not to have been subject to the Conversion Claim. If there is more than one Class A Preferred Shareholder who makes the Conversion Claim at the time of acquiring part of the Class A Preferred Shares, the Class A Preferred Shares to be acquired by JDI will be determined by its board of directors meeting on a pro rata basis in accordance with the number of the Class A Preferred Shares subject to the Conversion Claim.

"Number of Authorized Shares" means the number calculated by deducting (i) the total number of (a) issued and outstanding common shares on the Conversion Claim Date and (b) common shares subject to potential shares that have already been issued as of such Conversion Claim Date (excluding those held by JDI and the Class A Preferred Shares) from (ii) the total number of authorized common shares provided for in the articles of incorporation on such Conversion Claim Date.

"Total Number of Common Shares to be Delivered upon Conversion Claim" means the total number of common shares to be delivered upon the Conversion Claim, assuming that the total number of the Class A Preferred Shares subject to the Conversion Claim by the Class A Preferred Shareholders on the Conversion Claim Date is converted.

(3) Formula for number of common shares to be delivered based on the conversion claim

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

(Formula)

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

If a fraction that is less than 1 share occurs at the time of calculating the number of common shares to be

delivered to the Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares, such fraction will be omitted and treated in accordance with Article 167, paragraph (3) of the Companies Act.

(4) Class A Conversion Price

The Class A Conversion Price means an amount stated below.

- ① The initial Class A Conversion Price is (A) or (B) below, as applicable.
 - (A) If JDI's common shares are Listed (which means that they are listed or registered on or at the financial instruments exchange or over-the-counter securities market; hereinafter the same) on the Conversion Claim Date: (i) Amount equivalent to a closing price (including a quotation) of JDI's common shares, at the financial instruments exchange or over-the-counter securities market on which such common shares are Listed, on a trading day (excluding, however, a trading day without a closing price (including a quotation)) immediately before the date on which a conversion claim is made, or (ii) JPY 225, whichever is greater.
 - (B) If JDI's common shares are not Listed on the Conversion Claim Date: JPY 225
- ② Notwithstanding ① above, if any of the following (i) through (v) occurs at JDI, JDI will adjust the Class A Conversion Price in accordance with each of (i) through (v). If a fraction that is less than JPY 1 occurs as a result of the adjustment, JDI will calculate such fraction to the third decimal place, and omit digits after the second decimal place.
 - (i) If JDI implements the Share Split, etc. of common shares, JDI will adjust the Class A Conversion Price based on the formula below. In the case of an allotment of shares without contribution, "Number of issued and outstanding common shares before the Share Split, etc." and "Number of issued and outstanding common shares after the Share Split, etc." in the following formula are to be read as "Number of issued and outstanding common shares before the allotment of shares without contribution (excluding, however, common shares held by JDI at that time)" and "Number of issued and outstanding common shares after the allotment of shares without contribution (excluding, however, common shares held by JDI at that time)", respectively.

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

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

- (ii) If JDI issues its common shares (including dispositions of treasury shares; hereinafter the same in this item (ii)) the price of which is less than the Class A Conversion Price before the adjustment (excluding, however, the cases where (a) JDI implements an allotment of shares without contribution, (b) JDI issues its common shares by exercising or converting the Potential Shares (which means shares with put options, shares subject to call, share options (including those attached to bonds with stock acquisition rights; hereinafter the same in this Section 15), and other securities or rights with status that makes it possible to have it converted into common shares based on the claim by holders of such securities or rights or JDI, or subject to conditions that certain events occur; hereinafter the same), (c) JDI delivers its common shares as a result of a merger, share exchange, or company split, or (d) JDI sells its treasury shares pursuant to Article 194 of the Companies Act), JDI will adjust the Class A Conversion Price based on the formula below.

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

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

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

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

to shareholders is set, on and after the day following such record date.

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

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

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

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

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

However, "Number of shares to be newly issued" in the formula stated in this item (iv) means the number of common shares to be delivered if all the share options are exercised or converted into common shares on the date on which the adjustment under this item (iv) is applied.

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

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

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

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

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

16. Consolidation of shares or share split

- (1) If JDI implements a share split or consolidation of shares, JDI will also implement such share split or consolidation of shares with respect to the Class A Preferred Shares at the same time and proportion as common shares.
- (2) If JDI grants to shareholders entitlement to the allotment of offered shares, JDI will grant to the Common Shareholders entitlement to the allotment of common shares, and to the Class A Preferred Shareholders entitlement to the allotment of the Class A Preferred Shares, at the same time and proportion, respectively.
- (3) If JDI implements an allotment of shares without contribution, JDI will allot common shares to the Common Shareholders without contribution, and the Class A Preferred Shares to the Class A Preferred Shareholders without contribution, at the same time and proportion, respectively.
- (4) If JDI grants to shareholders entitlement to the allotment of offered share options, JDI will grant to the Common Shareholders entitlement to the allotment of share options for which common shares are the underlying shares, and entitlement to the Class A Preferred Shareholders to the allotment of share options for which the Class A Preferred Shares are the underlying shares, at the same time and proportion (including making the ratio of the number of shares underlying share options substantially the same; hereinafter the same in this Section 16), respectively, under the conditions including substantially fair payment amount, property value to be invested at the time of exercising share options, from the perspective of the Class A Preferred Shareholders' rights and interests.
- (5) If JDI implements allotment of share options without contribution, JDI will allot share options for which common shares are the underlying shares to the Common Shareholders, and share options for which the Class A Preferred Shares are the underlying shares to the Class A Preferred Shareholders, at the same time and proportion, respectively.

Details of the amendment of the Articles of Incorporation

(Amendments are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
<p>(Total Number of Authorized Shares) Article 6 The total number of authorized shares of the Company shall be <u>1,840,000,000 shares</u>.</p>	<p>(Total Number of Authorized Shares and Class Shares) Article 6 The total number of authorized shares of the Company shall be <u>3,380,000,000 shares, and total number of authorized class shares of the Company shall be as follows:</u> <u>Common shares 3,380,000,000 shares</u> <u>Class A Preferred Shares 1,0200,000 shares</u></p>
<p>(Newly established)</p>	<p>(Class A Preferred Shares) <u>Article 6-2</u> <u>The details of the Class A Preferred Shares issued by the Company shall be provided in the following paragraph through paragraph 8.</u></p>
<p>(Newly established)</p>	<p><u>2. Dividend of surplus</u></p> <p><u>The Company shall pay dividends per Class A Preferred Share calculated by multiplying dividends per common share by the Class A Conversion Rate (defined below) on the dividend payment date to shareholders or pledgees of the Class A Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date (if a record date is set, on such record date; hereinafter the same) (such shareholders, the "Class A Preferred Shareholders", and such pledgees, the "Registered Pledgees of Class A Preferred Shares") pari passu with shareholders and pledgees of common shares who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the "Common Shareholders", and such pledgees, the "Registered Pledgees of Common Shares").</u></p> <p><u>"Class A Conversion Rate" shall mean the number (calculated to the third decimal place, and the digit in the third decimal place shall be omitted) obtained by dividing the Class A Investment Amount (defined in paragraph 5, item (2); hereinafter the same) at that time by the Class A Conversion Price (defined in paragraph 7, item (4); hereinafter the same).</u></p>
<p>(Newly established)</p>	<p><u>3. Distribution of residual assets</u></p> <p><u>(1) Distribution of residual assets</u> <u>When the Company distributes its residual assets at the dissolution of the Company, the Company shall pay amounts per Class A Preferred Share equivalent to the Class A Investment Amount to the Class A Preferred Shareholders and Registered Pledgees of</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>Class A Preferred Shares before the Common Shareholders and Registered Pledgees of Common Shares.</u></p> <p><u>(2) Participation clause</u> <u>If residual assets remain even after the distribution of residual assets to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares pursuant to item (1), the Company shall distribute residual assets per Class A Preferred Share calculated by multiplying the amount of residual assets per common share by the Class A Conversion Rate at the time of the distribution of residual assets to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares pari passu with the Common Shareholders and Registered Pledgees of Common Shareholders.</u></p>
(Newly established)	<p><u>4. Voting rights</u> <u>The Class A Preferred Shareholders have no voting rights at general meetings of shareholders, unless otherwise provided for by law.</u></p>
(Newly established)	<p><u>5. Cash-consideration put option (right to claim the redemption)</u></p>
	<p><u>(1) Details of the redemption claim</u> <u>The Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares may claim that the Company acquire the Class A Preferred Shares in whole or in part with cash consideration anytime on and after the third anniversary of the payment date (the "Redemption Claim"). In this case, in exchange for acquiring one Class A Preferred Share, within the limit of the distributable amount under Article 461, paragraph (2) of the Companies Act as of the effective date of such Redemption Claim (the "Redemption Claim Date"), and to the extent permitted by relevant laws or regulations, the Company shall deliver cash the amount of which is equivalent to the Class A Investment Amount to such Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares on such Redemption Claim Date.</u></p>
	<p><u>If the Redemption Claim exceeds the distributable amount as of the Redemption Claim Date, the Class A Preferred Shares that the Company should acquire shall be determined by its board of directors meeting on a pro rata basis in accordance with the number of the Class A Preferred Shares subject to the Redemption Claim.</u></p>
	<p><u>(2) Class A Investment Amount</u> <u>The Class A Investment Amount is as follows:</u> <u>(a) The initial amount shall be JPY 100.</u> <u>(b) If the Company implements a share split, consolidation of shares, or allotment of shares</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
<p>(Newly established)</p>	<p><u>without contribution (collectively, the "Share Split, etc."), the Class A Investment Amount shall be adjusted in accordance with the formula below. If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company shall calculate such fraction to the third decimal place, and omit the digit in the third decimal place. In the case of an allotment of shares without contribution, "Number of issued and outstanding Class A Preferred Shares before the Share Split, etc." and "Number of issued and outstanding Class A Preferred Shares after the Share Split, etc." in the following formula shall be to be read as "Number of issued and outstanding Class A Preferred Shares before the allotment of shares without contribution (excluding, however, the Class A Preferred Shares held by the Company at that time)" and "Number of issued and outstanding Class A Preferred Shares after the allotment of shares without contribution (excluding, however, the Class A Preferred Shares held by the Company at that time)", respectively.</u></p> $\frac{\text{Class A Investment Amount after adjustment}}{\text{Class A Investment Amount before adjustment}} = \frac{\text{Class A Investment Amount before adjustment}}{\text{Class A Investment Amount after adjustment}} \times \frac{\text{Number of issued and outstanding Class A Preferred Shares before the Share Split, etc.}}{\text{Number of issued and outstanding Class A Preferred Shares after the Share Split, etc.}}$ <p><u>The Class A Investment Amount after adjustment shall be applied, in the case of a share split, on and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the day following the effective date of such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).</u></p> <p><u>(c) If other events similar to (b) above occur, the Class A Investment Amount shall be properly adjusted by resolutions of the Company's board of directors meeting.</u></p> <p><u>6. Cash-consideration call option (mandatory redemption)</u></p> <p><u>Notwithstanding the intent of the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares, in exchange for delivering the Class A Investment Amount to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares, within the limit of the distributable amount under Article 461, paragraph (2) of the Companies Act as of the date separately determined by the Company's board of directors meeting (the</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
(Newly established)	<p><u>"Mandatory Redemption Date")</u>, the Company may acquire the Class A Preferred Shares in whole or in part anytime on and after the payment date, if the <u>Mandatory Redemption Date</u> has arrived. If there is more than one Class A Preferred Shareholder at the time of acquiring part of the Class A Preferred Shares, the Class A Preferred Shares to be acquired by the Company shall be determined by its board of directors meeting on a pro rata basis.</p> <p><u>7. Common share-consideration put option (right to claim conversion)</u></p> <p><u>(1) Details of the conversion claim</u> <u>On or after the first anniversary of the payment date, within a two-week period after the release of the Company's quarterly financial results for each quarterly period, the Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares may claim that the Company deliver common shares per Class A Preferred Share the number of which is calculated based on the formula stated in item (3), in exchange for the Company acquiring the Class A Preferred Shares (the "Conversion Claim", and the effective date of the Conversion Claim, the "Conversion Claim Date").</u></p> <p><u>(2) Limit of the conversion claim</u> <u>Notwithstanding the preceding item above, if the Number of Authorized Shares (defined below) is less than the Total Number of Common Shares to be Delivered upon Conversion Claim (defined below) on the Conversion Claim Date, only Class A Preferred Shares the number of which is calculated by multiplying (i) the number of the Class A Preferred Shares subject to the Conversion Claim by the Class A Preferred Shareholders on such Conversion Claim Date by (ii) the number obtained by dividing the Number of Authorized Shares by the Total Number of Common Shares to be Delivered upon Conversion Claim (calculated to the first decimal place, and the digit in the first decimal place shall be omitted. If it is less than 0, it is deemed to be 0.) shall take effect of the acquisition of the Class A Preferred Shares by the Company based on the Conversion Claim by such Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares, and the Class A Preferred Shares subject to the Conversion Claim other than those that take effect of the acquisition are deemed not to have been subject to the Conversion Claim. If there is more than one Class A Preferred Shareholder who makes the Conversion Claim at the time of acquiring part of the Class A Preferred Shares, the Class A Preferred Shares to be acquired by the Company shall be determined by its board of directors meeting on a pro rata basis in accordance with the number of</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>the Class A Preferred Shares subject to the Conversion Claim.</u></p> <p><u>"Number of Authorized Shares" shall mean the number calculated by deducting (i) the total number of (a) issued and outstanding common shares on the Conversion Claim Date and (b) common shares subject to potential shares that have already been issued as of such Conversion Claim Date (excluding those held by the Company and the Class A Preferred Shares) from (ii) the total number of authorized common shares provided for in the articles of incorporation on such Conversion Claim Date.</u></p> <p><u>"Total Number of Common Shares to be Delivered upon Conversion Claim" shall mean the total number of common shares to be delivered upon the Conversion Claim, assuming that the total number of the Class A Preferred Shares subject to the Conversion Claim by the Class A Preferred Shareholders on the Conversion Claim Date is converted.</u></p> <p><u>(3) Formula for number of common shares to be delivered based on the conversion claim</u> <u>The number of common shares to be delivered in exchange for acquiring one Class A Preferred Share shall be calculated based on the following formula:</u></p> <p><u>(Formula)</u> <u>Number of common shares to be delivered in exchange for acquiring one Class A Preferred Share</u> <u>= Class A Investment Amount ÷ Class A Conversion Price</u></p> <p><u>If a fraction that is less than 1 share occurs at the time of calculating the number of common shares to be delivered to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares, such fraction shall be omitted and treated in accordance with Article 167, paragraph (3) of the Companies Act.</u></p> <p><u>(4) Class A Conversion Price</u> <u>The Class A Conversion Price shall be an amount stated below.</u></p> <p><u>① The initial Class A Conversion Price shall be (A) or (B) below, as applicable.</u></p> <p><u>(A) If the Company's common shares are Listed (which means that they are listed or registered on or at the financial instruments exchange or over-the-counter securities market; hereinafter the same) on the Conversion Claim Date: (i) Amount equivalent to a closing price (including a</u></p>

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

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

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

Current Articles of Incorporation	Amended Articles of Incorporation
	<p data-bbox="807 259 1401 450"><u>However, "Number of shares to be newly issued" in the formula stated in this item (iv) shall mean the number of common shares to be delivered if all the share options are exercised or converted into common shares on the date on which the adjustment under this item (iv) is applied.</u></p> $ \frac{\text{Class A Conversion Price after adjustment}}{\text{Class A Conversion Price before adjustment}} = \frac{\text{Class A Conversion Price before adjustment} \times \frac{\text{Total Number of Shares}}{\text{Number of shares to be newly issued}} + \frac{\text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Class A Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}} $ <p data-bbox="807 797 1401 1178"><u>The Class A Conversion Price after adjustment shall be applied on and after the day following the day of the allotment, in the case of an allotment of share options without contribution, on and after the effective date of such allotment of share options without contribution (if a record date for such allotment of share options without contribution is set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class A Conversion Price after adjustment shall be applied on and after the day following such day of allotment to shareholders.</u></p> <p data-bbox="807 1211 1401 1951"><u>(v) If any of (a) a merger in which the Company becomes a surviving company or a parent company of a surviving company, (b) a share exchange in which the Company becomes a wholly-owning parent company or a parent company of a wholly-owning parent company, or (c) a company split in which the Company becomes a succeeding company or a parent company of a succeeding company is implemented, and value per share of the Company to be allotted to shareholders of a consolidated company through a merger or per share of the Company to be allotted to shareholders of a wholly-owned subsidiary through a share exchange, or per share of the Company to be allotted to a split company or shareholders of a split company (the "Allotted Shares") (such value is reasonably determined by the Company's board of directors meeting. If such Allotted Shares can be converted into its common shares, such value shall be a converted amount per common share; hereinafter the same) is less than the Class A Conversion Price, the Company shall adjust the Class A Conversion Price based on the following formula:</u></p> $ \frac{\text{Class A Conversion Price}}{\text{Class A Conversion Price}} = \frac{\text{Class A Conversion Price}}{\text{Class A Conversion Price}} \times \frac{\text{Total Number of Allotted Shares}}{\text{Number of Allotted Shares}} $

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<p>(Newly established)</p>	$\frac{\text{Price after adjustment}}{\text{Price before adjustment}} \times \frac{\text{of Shares}}{\text{Class A Conversion Price before adjustment}} + \frac{\text{Value per share}}{\text{Total Number of Shares}} + \text{Number of Allotted Shares}$ <p><u>The Class A Conversion Price after adjustment shall be applied on and after the effective date of such merger, share exchange, or company split.</u></p> <p><u>8. Consolidation of shares or share split</u></p> <p><u>(1) If the Company implements a share split or consolidation of shares, the Company shall also implement such share split or consolidation of shares with respect to the Class A Preferred Shares at the same time and proportion as common shares.</u></p> <p><u>(2) If the Company grants to shareholders entitlement to the allotment of offered shares, the Company shall grant to the Common Shareholders entitlement to the allotment of common shares, and to the Class A Preferred Shareholders entitlement to the allotment of the Class A Preferred Shares, at the same time and proportion, respectively.</u></p> <p><u>(3) If the Company implements an allotment of shares without contribution, the Company shall allot common shares to the Common Shareholders without contribution, and the Class A Preferred Shares to the Class A Preferred Shareholders without contribution, at the same time and proportion, respectively.</u></p> <p><u>(4) If the Company grants to shareholders entitlement to the allotment of offered share options, the Company shall grant to the Common Shareholders entitlement to the allotment of share options for which common shares are the underlying shares, and entitlement to the Class A Preferred Shareholders to the allotment of share options for which the Class A Preferred Shares are the underlying shares, at the same time and proportion (including making the ratio of the number of shares underlying share options substantially the same; hereinafter the same in this paragraph 8.), respectively, under the conditions including substantially fair payment amount, property value to be invested at the time of exercising share options, from the perspective of the Class A Preferred Shareholders' rights and interests.</u></p> <p><u>(5) If the Company implements allotment of share options without contribution, the Company</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
<p>(Share Unit) Article 7 The share unit of the Company shall be 100 shares.</p> <p>(Newly established)</p>	<p><u>shall allot share options for which common shares are the underlying shares to the Common Shareholders, and share options for which the Class A Preferred Shares are the underlying shares to the Class A Preferred Shareholders, at the same time and proportion, respectively.</u></p> <p>(Share Unit) Article 7 The share unit of <u>common shares</u> of the Company shall be 100 shares, <u>and the share unit of the Class A Preferred Shares of the Company shall be 100 shares.</u></p> <p><u>(Class Meeting)</u> <u>Article 18-2</u> <u>Article 13 shall be applied mutatis mutandis to class meetings that are held on the same date as the annual general meeting of shareholders.</u></p> <p>2. <u>Articles 14, 15, 17, and 18 shall be applied mutatis mutandis to class meetings.</u></p> <p>3. <u>Article 16, paragraph 1 shall be applied mutatis mutandis to resolutions by class meetings under Article 324, paragraph 1 of the Companies Act, and Article 16, paragraph 2 shall be applied mutatis mutandis to resolutions by class meetings under Article 324, paragraph 2 of the Companies Act.</u></p>