

March 13, 2019

[English Translation]

**Notice Concerning Conclusion of Basic Agreement  
Regarding Additional Fund Procurement from Ichigo Trust**

Japan Display Inc. ("JDI") hereby announces that it has: (i) resolved, at its meeting of the board of directors held today, to hold future discussions about details of the additional fund procurement through third-party allotment from Ichigo Trust ("Ichigo Trust"), being the party to the capital alliance agreement (the "Capital Alliance Agreement"), which was announced in the press release dated January 31, 2020, titled "Notice Concerning Conclusion of Capital Alliance Agreement, Issuance of Class B Preferred Shares and Stock Acquisition Rights through Third-party Allotment, and Change in the Largest Major Shareholder" (the "Disclosure dated January 31, 2020"); and (ii) entered into a basic agreement regarding the additional fund procurement (the "Basic Agreement") with Ichigo Trust.

Regardless of the conclusion of the Basic Agreement, the issuance of Japan Display Inc. class B preferred shares (the "Class B Preferred Shares") through third-party allotment to Ichigo Trust, the issuance of Japan Display Inc. 11th series stock acquisition rights (the "Stock Acquisition Rights"), the underlying shares of which are Japan Display Inc. class C preferred shares (the "Class C Preferred Shares"), through third-party allotment to Ichigo Trust, and the refinance by INCJ, Ltd. ("INCJ"), all of which have already been announced, will be expected to be implemented on March 26, 2020, as planned after obtaining approval from shareholders at an extraordinary general meeting of shareholders scheduled to be held on March 25, 2020.

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**1. Background and Purpose of Fund Procurement**

As announced in the Disclosure dated January 31, 2020, in the business environment surrounding JDI that is expected to continue to be severe, it will be difficult for JDI to thoroughly restore its impaired net assets only by appropriating business profits to be obtained from its core business operations, and large-scale capital funding is promptly required in order for JDI to secure an appropriate net asset amount level as a listed company. In addition, JDI is currently securing financing with the assistance of its customers and business partners. However, if the asset deficiency is not eliminated by the end of March 2020, the customers and business partners may exert further pressure on JDI to normalize the trading terms with them, which may result in a material concern over JDI's financing. Given this situation, on January 31, 2020, JDI resolved to enter into the Capital Alliance Agreement and to issue the Class B Preferred Shares and the Stock Acquisition Rights to Ichigo Trust through third-party

allotment. Among the proceeds to be procured by such issuance, JDI will appropriate part of the amount to be paid in regarding the Class B Preferred Shares (JPY 24,930 million) as working capital in order to ameliorate its cash flow.

Amidst these circumstances, the expansion of infection of the new coronavirus (COVID-19) has deteriorated the business environment surrounding JDI, which is strongly susceptible to the Chinese supply chain and individual consumption. JDI may need additional working capital of approximately JPY 5 billion in and after the 2nd quarter of the fiscal year ending March 2021, in addition to the procurement amount by the issuance of the Class B Preferred Shares (JPY 50.4 billion) that was assumed to be the funds necessary for capital investment and working capital as of January 31, 2020. Therefore, JDI requested beforehand that Ichigo Trust deliberate over fund procurement where JDI aims to ensure additional working capital.

Responding to this request, as increased vigilance due to global expansion of infection of the new coronavirus has made global market share prices fall and the market share price of common shares of JDI has also significantly fallen (the closing price on the first section of Tokyo Stock Exchange, Inc. as of January 31, 2020 was JPY 70 and that as of March 12, 2020 was JPY 48, which means that the market share price of common shares of JDI has fallen approximately 31%), Ichigo Trust is concerned that if this market environment and share price level continue, from the perspective of the duty of care owed to investors in Ichigo Trust, it is difficult to exercise the Stock Acquisition Rights the underlying shares of which are the Class C Preferred Shares the conversion price of which is JPY 50 concerning the right to request that JDI acquire the Class C Preferred Shares in exchange for common shares of JDI. Given this situation, Ichigo Trust also showed its intent that in order to realize the above-mentioned additional fund procurement requested by JDI, it is possible for Ichigo Trust to subscribe for Japan Display Inc. class D preferred shares (the "Class D Preferred Shares") the terms of which are equivalent to the Class C Preferred Shares, subject to the condition that Ichigo Trust waives the Stock Acquisition Rights, and also subscribes for Japan Display Inc. 12th series stock acquisition rights (the "Additional Stock Acquisition Rights") the underlying shares of which are Japan Display Inc. class E preferred shares (the "Class E Preferred Shares") the terms of which are equivalent to the Class C Preferred Shares that are the underlying shares of the Stock Acquisition Rights (however, the conversion price is JPY 20).

Consequently, today, JDI entered into the Basic Agreement, the details of which are as described in "2. Details of the Basic Agreement" below, with Ichigo Trust in order to enhance the probability of securing additional working capital, aiming to facilitate deliberations over the issuance of additional financial instruments to Ichigo Trust.

## **2. Details of the Basic Agreement**

JDI and Ichigo Trust have agreed to proceed with discussions toward the conclusion of a definitive agreement in which JDI will procure funding of up to JPY 60.4 billion by issuing the Class D Preferred Shares (the total procurement amount will be approximately JPY 5 billion) and the Additional Stock Acquisition Rights the underlying shares of which are the Class E Preferred Shares (the total procurement amount through the exercise of

the Additional Stock Acquisition Rights will be up to JPY 55.4 billion) to Ichigo Trust through third-party allotment. The outline of the Basic Agreement is as follows.

The total procurement amount obtained by adding JPY 50.4 billion to be procured through the issuance of the Class B Preferred Shares the relevant proposal of which will be submitted to the extraordinary general meeting of shareholders scheduled to be held on March 25, 2020 to the above-mentioned JPY 60.4 billion will be up to JPY 110.8 billion.

(1) Issuance of the Class D Preferred Shares

In order to deal with additional fund demands necessary due to the deterioration of its cash flow after the 2nd quarter of the fiscal year ending March 2021, JDI will issue the Class D Preferred Shares through third-party allotment. The total amount to be paid in concerning the Class D Preferred Shares will be approximately JPY 50 billion. Other terms of the Class D Preferred Shares are currently assumed to be equivalent to those of the Class C Preferred Shares (for example, the initial conversion price concerning the right to request that JDI acquire the Class D Preferred Shares in exchange for common shares of JDI attached to the Class D Preferred Shares will be JPY 50). However, specific details will be decided through discussions by JDI and Ichigo Trust.

(2) Issuance of the Additional Stock Acquisition Rights

Along with the issuance of the Class D Preferred Shares, JDI will issue the Additional Stock Acquisition Rights the underlying shares of which are the Class E Preferred Shares. The issuance price of the Additional Stock Acquisition Rights will be JPY 0, and the total amount to be paid in regarding the exercise of the Additional Stock Acquisition Rights will be up to JPY 55.4 billion. In addition, the initial conversion price concerning the right to request that JDI acquire the Class E Preferred Shares in exchange for common shares of JDI attached to the Class E Preferred Shares will be JPY 20. Other terms of the Class E Preferred Shares are currently assumed to be equivalent to those of the Class C Preferred Shares. However, specific details will be decided through discussions by JDI and Ichigo Trust. The fund to be procured through the exercise of the Additional Stock Acquisition Rights by Ichigo Trust will be appropriated to the prepayment of a loan rendered by INCJ to JDI.

However, JDI and Ichigo Trust have agreed under the Basic Agreement that Ichigo Trust will waive all the Stock Acquisition Rights (scheduled to be issued on March 26, 2020) the underlying shares of which are the Class C Preferred Shares held by Ichigo Trust at the time of such issuance.

(3) Conditions Precedent Concerning the Issuance of the Class D Preferred Shares and the Additional Stock Acquisition Rights

The issuance of the Class D Preferred Shares and the Additional Stock Acquisition Rights will be subject to the condition that the following proposals are approved by shareholders at an annual general meeting of shareholders scheduled to be held in late June 2020 (the "Annual General Meeting of Shareholders"): (i) proposals regarding the issuance of the Class D Preferred Shares and the Additional Stock Acquisition Rights; and (ii) a proposal regarding partial amendment to the Articles of Incorporation for the issuance of the Class E Preferred Shares that are underlying shares of the Additional Stock Acquisition Rights.

### 3. Outline of the Party from whom JDI will Procure Funds

(1)	Name	Ichigo Trust
(2)	Registered address	Elgin Court, Elgin Avenue, P.O. Box 448, George Town, Grand Cayman, KY1-1106, Cayman Islands
(3)	Basis for establishment, etc.	Trusts Law of Cayman Islands
(4)	Purpose of establishment	Investment management specializing in investments in Japanese companies
(5)	Date of establishment	October 5, 2006
(6)	Total amount of investment	JPY 847,921 million (As of December 31, 2019)
(7)	Investors, investment ratio, outline of investors	Mainly university endowments, foundations, and pension funds located in Europe and North America. However, the details cannot be disclosed as they have not been provided.
(8)	Matters relating to a party to whom Ichigo Trust entrusts a discretionary investment account	Name
		Registered address
		Position and name of representative
		Description of business
		Capital
(9)	Relationship between the listed company and the fund	Relationship between the listed company and the fund
		Relationship between the listed company and the party to whom Ichigo Trust entrusts a discretionary investment account

(Note)

1. The table above is based on the information as of March 13, 2020.
2. Ichigo Asset Management International, Pte. Ltd. has entered into a discretionary investment contract with Ichigo Trust, being an expected allottee, under which Ichigo Trust entrusts authority regarding investment management to Ichigo Asset Management International, Pte. Ltd.

#### **4. Schedule**

JDI and Ichigo Trust will proceed with discussions based on the Basic Agreement. JDI will aim to enter into the definitive agreement in the middle of May, and to complete issuing the Class D Preferred Shares and the Additional Stock Acquisition Rights after the relevant proposals are approved by shareholders at the Annual General Meeting of Shareholders scheduled to be held in late June 2020.

#### **5. Future Outlook**

We will hold an extraordinary general meeting of shareholders on March 25, 2020, and submit proposals regarding the fund procurement of up to JPY 100.8 billion through the issuance of the Class B Preferred Shares (the total procurement amount will be approximately JPY 50.4 billion) and the issuance of the Stock Acquisition Rights (the total procurement amount through the exercise of the Stock Acquisition Rights will be up to JPY 50.4 billion) in order to obtain approval for them from shareholders. Although details of proposals to be submitted to the extraordinary general meeting of shareholders remain unchanged, as stated above, if the Additional Stock Acquisition Rights the underlying shares of which are the Class E Preferred Shares are issued, JDI and Ichigo Trust have agreed under the Basic Agreement that Ichigo Trust will waive all the Stock Acquisition Rights the underlying shares of which are the Class C Preferred Shares held by Ichigo Trust at the time of such issuance. Therefore, if the Additional Stock Acquisition Rights are issued in the future, all the Stock Acquisition Rights will be waived. If the Class B Preferred Shares and the Class D Preferred Shares are issued, and the Additional Stock Acquisition Rights the underlying shares of which are the Class E Preferred Shares are exercised, the total amount to be procured from Ichigo Trust will be up to JPY 110.8 billion, which is up to JPY 10 billion more than the total procurement amount (up to JPY 100.8 billion) to be obtained through the fund procurement the relevant proposal of which is scheduled to be submitted to the extraordinary general meeting of shareholders to be held on March 25, 2020.

Again, JDI would like to offer its profound apologies to its business partners and other relevant parties for any significant inconvenience and concerns caused by this situation.

If the definitive agreement regarding the issuance of the Class D Preferred Shares and the Additional Stock Acquisition Rights is entered into, JDI will submit proposals regarding the issuance of the Class D Preferred Shares and the Additional Stock Acquisition Rights, and a proposal regarding partial amendment to the Articles of Incorporation for the issuance of the Class E Preferred Shares that are the underlying shares of the Additional Stock Acquisition Rights to the Annual General Meeting of Shareholders scheduled to be held in late June. If matters requiring disclosure are evident, JDI will promptly disclose them.

End.