

June 18, 2020

[English Translation]

Notice Regarding Transition to a Company with Committees Governance Structure

Japan Display Inc. (“JDI”) hereby announces that at today’s Board of Directors meeting, the Board approved a resolution to transition from a Company with Supervisory Auditors (*kansayaku*) to a Company with Committees (Nomination, Compensation, Audit) governance structure. The resolution is subject to approval at JDI’s annual general meeting of shareholders scheduled for August 26, 2020. Details of the resolution are below.

1. Background to the Transition

As announced in “Notice Regarding Establishment of a Governance Improvement Committee” on April 28, 2020, JDI regards the improper accounting treatments uncovered in previous years’ financial statements with the utmost seriousness, and is making diligent efforts to prevent a recurrence of these improprieties by establishing a Governance Improvement Committee (“the Committee”), comprised of a majority of members from outside JDI, to review and implement reforms.

Since its establishment, the Committee has met weekly to discuss the causes of the accounting improprieties and review and investigate how to correct internal control deficiencies and strengthen management and governance systems, along with implementing specific measures to prevent recurrence.

As a result, the Committee recommended that JDI investigate transitioning to a Company with Committees governance structure in order to strongly promote governance reform. After a thorough discussion of this recommendation at today’s Board of Directors meeting, the Board approved a resolution to transition to a Company with Committees structure.

The Committee also recommended measures to revise JDI’s whistleblowing processes and internal audit structure, measures which were reported to the Board of Directors and will now be implemented. The revision of the whistleblowing processes includes expanding and making more accessible the channels available to whistleblowers, as well as having the Board of Directors and the Board’s newly-formed Audit Committee supervise operation of the system. The revision of the internal audit structure includes strengthening the structure itself (e.g., upgrading the Internal Audit Office to an Audit Department and increasing the number of personnel to support that upgrade) and reinforcing audit oversight of JDI’s Accounting Department.

2. Purpose of the Transition

(1) Strengthen Management Oversight Functions and Improve Management Transparency and Objectivity

A majority of the Board of Directors will consist of outside directors, as will be the case for the newly-formed Nominating Committee, Compensation Committee and Audit Committee. The Board of Directors will give the utmost attention to the protection of minority shareholders, and will focus on determining basic management policies and supervising business execution to maximize long-term corporate value. To improve management transparency and objectivity, the Nominating Committee will decide the candidates for directors, and the Compensation Committee will establish a compensation system for directors and executive officers. The Audit Committee will be chaired by an outside director, and will work with the Audit Department to strengthen JDI's audit functions.

(2) Accelerate Decision-making and Business Execution

Under the supervision of a Board of Directors comprised of a majority of outside directors, executive officers will be entrusted with decisions regarding daily business execution in order to accelerate management decision-making and business execution, driving JDI's sustainable growth and further business reforms.

3. Transition Schedule

JDI will become a Company with Committees immediately upon approval at its 18th shareholder meeting scheduled for August 26, 2020.

4. Other

Details concerning the transition, including changes to the articles of incorporation and personnel changes in line with the transition to a Company with Committees structure, will be announced once they are determined.

End