

[English Translation]

Notice Concerning the Submission of Amendment Reports for Internal Control Reports

Japan Display Inc. (“JDI”) submitted to the Kanto Local Finance Bureau (the “KLFB”) amendment reports for annual securities reports, etc. for past fiscal years and also amended financial results, etc. as announced today in the “Notice Concerning the Submission of the Third-Quarter Securities Report for Fiscal Year 2019 and Revisions to Previous Year Annual Securities Reports etc. and Financial Results etc.” In connection with this, we also hereby announce as follows that, in accordance with Article 24-4-5(i) of the Financial Instruments and Exchange Act, we have submitted to the KLFB amendment reports for internal control reports submitted in past fiscal years that still fall under public inspection periods and will amend an internal control report whose public inspection period has terminated (due to the impact of the novel coronavirus among other factors, we plan to submit to the KLFB on April 16, 2020 the amendment report for the internal control report whose public inspection period has terminated).

1. Internal control reports subject to amendment

- 12th Fiscal Period (From April 1, 2013 to March 31, 2014)*
- 13th Fiscal Period (From April 1, 2014 to March 31, 2015)
- 14th Fiscal Period (From April 1, 2015 to March 31, 2016)
- 15th Fiscal Period (From April 1, 2016 to March 31, 2017)
- 16th Fiscal Period (From April 1, 2017 to March 31, 2018)
- 17th Fiscal Period (From April 1, 2018 to March 31, 2019)

The public inspection period for the asterisked (*) document above has terminated. As due to the impact of the novel coronavirus and other factors, submission through EDINET system will require a certain amount of time, submission to the KLFB is planned for April 16, 2020.

2. Contents of Amendments

Of the matters stated in each internal control report above, the section “3 Matters Concerning Evaluation Results” is amended as follows. Amended parts are underlined.

3 Matters Concerning Evaluation Results

(Pre-amendment)

As a result of the aforementioned evaluation, we have determined that, as of the last day of the current fiscal year under review, internal controls over financial reporting are effective.

(Post-amendment)

We have determined that the flaws in the internal controls over financial reporting stated below have a material impact on financial reporting and constitute material flaws that must be disclosed. Therefore, we have determined that, as of the last day of the current fiscal year under review, the internal controls over financial reporting are not effective.

On November 26, 2019, JDI received from a former senior employee of JDI's administrative division a notification alleging that, during his tenure at JDI, he had conducted improper accounting of the financial results for past fiscal years at the instruction of JDI's senior management at that time. In response, JDI established a special investigative committee including external experts on December 2, 2019 and conducted an investigation.

JDI had been notified from the special investigative committee that specific doubts had arisen regarding improper accounting treatments in the financial results for past fiscal years as alleged by the former employee. On December 24 of the same year JDI decided to proceed with an investigation by a third-party committee consisting solely of independent, impartial, and fair committee members from outside JDI (the "Third-Party Committee"), in order to conduct an even more highly transparent investigation, and proceeded with the investigation on December 26, 2020.

Multiple improper accounting treatments, including the overstatement of inventory and the avoidance of recording valuation losses for retained and excess inventory, were uncovered as a result of the investigation by the Third-Party Committee.

In light of these investigation results, JDI revised the financial results for the past fiscal years in question and submitted amendment reports for annual securities reports for the fiscal year ended March 2014 through the fiscal year ended March 2019 and amendment reports for quarterly securities reports from the first quarter of the fiscal year ended March 2015 through the second quarter of the fiscal year ended March 2020.

Many of the improper accounting treatments identified by the Third-Party Committee were initiated by the former employee who gave JDI notification of the improper accounting. It is believed that some of the direct causes of those improper accounting treatments were the concentration of accounting division authority with the former employee, which led to the inadequate performance of check and balance function by senior management or within the accounting division, and the exertion of pressure by senior management to achieve performance targets. It is also believed that a corporate culture that placed maximum emphasis on JDI's operating income, JDI's long-standing poor performance and the inadequateness of monitory and supervisory functions by the board of directors and a lack of functioning by internal control systems, served as indirect causes in the background.

JDI has determined that these flaws in internal controls over financial reporting have had a material impact on financial reporting and that flaws in company-wide internal controls, internal controls over financial results and financial reporting processes, and internal controls over operating processes for inventory, constitute material flaws that must be disclosed.

Because the aforementioned material flaws were uncovered after the last day of the current fiscal year under review, we were unable to correct the flaws by the last day of the current fiscal year under review.

JDI is fully aware of the importance of internal controls over financial reporting and, in order to correct the material flaws that must be disclosed, will take into account the advice of the Third Party Committee and establish a (provisionally named) "Governance Improvement Committee" to reliably implement measures to improve management systems and governance systems, and recurrence prevention measures and the like. This committee will take a central role as JDI corrects the

aforementioned flaws, takes recurrence prevention measures, and establishes and operates appropriate internal controls.

The following measures to correct flaws in the internal controls over financial reporting are being considered.

1. Governance reforms

- (1) Strengthening of monitory and supervisory functions by the board of directors
- (2) Revision of auditing methods by company auditors
- (3) Changes in awareness among the management
- (4) Improvements in corporate culture and awareness regarding legal compliance

2. Improvements in account treatment and the accounting division

- (1) Qualitative and quantitative reinforcement of accounting division personnel and implementation of appropriate personnel rotation incorporating human resource development
- (2) Clarification and thorough implementation of internal rules for account treatment
- (3) Strengthening and adequate operation of control activities for account treatment

3. Strengthening of internal control functions

- (1) Strengthening of the whistleblower system
Review, and promotion of awareness, of the contact point for whistleblowers; promotion of awareness regarding the system and strict maintenance of anonymity
- (2) Revision of the scope and method for internal audit

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