

[English Translation]

**Notice Concerning Submission of Quarterly Securities Report for the Third Quarter of FY 2019,  
Amendment of Annual Securities Reports and Financial Reports for Previous Fiscal Years**

As announced by Japan Display Inc. (“JDI”) in its February 14, 2020 "Notice on the Approval of Extension of Time to File the Quarterly Securities Report for the Third Quarter of FY 2019," the company received approval for an extension for the deadline to submit its quarterly securities report for the third quarter of FY 2019 until April 13, 2020. JDI announces that it has submitted the quarterly securities report for the third quarter on April 13, 2020 .

At the same time, JDI has submitted amended annual securities reports and quarterly securities reports submitted in previous fiscal years that still fall under public inspection period, and also has amended annual financial reports and quarterly financial reports for the same period. In addition, the company will amend annual securities reports and quarterly securities reports, for which the public inspection period has terminated. A listing of the amended reports is shown below. (Due to the impact of the novel coronavirus, among other factors, JDI plans to submit to the Kanto Local Finance Bureau the amended annual securities reports and quarterly securities reports, for which the public inspection period has terminated.)

JDI wishes to sincerely apologize to its shareholders, business partners and all other stakeholders for causing substantial concern and inconvenience.

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**1. Details and reasons of amendment**

On November 26, 2019, JDI received notification from a former company employee who had been a high-level manager in the administrative division (the "Former Employee") and who was dismissed for reasons of fraud discovered by JDI and against whom JDI has filed a criminal complaint. The notification stated that the Former Employee had engaged in inappropriate accounting treatment of JDI's past financial results. In the notification, the Former Employee alleged that the reason for the inappropriate accounting treatment was that the Former Employee was acting under instructions from senior management during the Former Employee's tenure at JDI. In response to this notification, JDI established a Special Investigation Committee on December 12, 2019, including external experts to conduct a fact-finding investigation of the allegation by the Former Employee of inappropriate accounting treatment in past financial periods (the "Suspected Misconduct") and any other relevant matters.

Later, JDI was notified by the Special Investigation Committee that specific suspicious has been uncovered in regard to the Suspected Misconduct. In response, JDI decided that a more transparent investigative process would make the results of an investigation more credible to company stakeholders and that, in doing so, the company

could more quickly bring fund raising efforts ongoing at the time to a conclusion. Thus, on December 26, 2019 JDI made the transition to an investigative framework that was based on an investigation by a third-party committee consisting only of neutral and fair external members independent of JDI. That committee then conducted its investigation.

As announced in the “Notice Regarding Receipt of the Investigation Report from the Third-Party Committee” dated April 13, 2020, 11 instances of inappropriate accounting treatment were discovered to have taken place in previous accounting periods as a result of the investigation by the third-party committee, including the recording of fictitious inventory in the amount of 10 billion yen and the postponement of expenses and losses.

As a result, JDI has submitted amended annual securities reports and quarterly securities reports from previous years, and has amended the previous years' financial reports and quarterly financial reports. JDI will also amend the annual securities reports and quarterly securities reports for which the inspection period has terminated.

## **2. Amended annual securities reports and other financial reports submitted at this time**

### (1) Securities Report

12th Fiscal Period (From April 1, 2013 to March 31, 2014) (Note)(\*)

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)

### (2) Quarterly Securities Report

13th Fiscal Period the First Quarter (From April 1, 2014 to June 30, 2014)\*

13th Fiscal Period the Second Quarter (From July 1, 2014 to September 30, 2014)

13th Fiscal Period the Third Quarter (From October 1, 2014 to December 31, 2014)

14th Fiscal Period the First Quarter (From April 1, 2015 to June 30, 2015)\*

14th Fiscal Period the Second Quarter (From July 1, 2015 to September 30, 2015)

14th Fiscal Period the Third Quarter (From October 1, 2015 to December 31, 2015)

15th Fiscal Period the First Quarter (From April 1, 2016 to June 30, 2016)\*

15th Fiscal Period the Second Quarter (From July 1, 2016 to September 30, 2016)

15th Fiscal Period the Third Quarter (From October 1, 2016 to December 31, 2016)

16th Fiscal Period the First Quarter (From April 1, 2017 to June 30, 2017)\*

16th Fiscal Period the Second Quarter (From July 1, 2017 to September 30, 2017)

16th Fiscal Period the Third Quarter (From October 1, 2017 to December 31, 2017)

17th Fiscal Period the First Quarter (From April 1, 2018 to June 30, 2018)\*  
17th Fiscal Period the Second Quarter (From July 1, 2018 to September 30, 2018)  
17th Fiscal Period the Third Quarter (From October 1, 2018 to December 31, 2018)

18th Fiscal Period the First Quarter (From April 1, 2019 to June 30, 2019)\*  
18th Fiscal Period the Second Quarter (From July 1, 2019 to September 30, 2019)

JDI had planned to submit to the Kanto Local Finance Bureau the above asterisked (\*) documents, for which the inspection period has been terminated, on April 13, 2020. However, since a certain amount of time is required to prepare the submission due to the impact of the novel coronavirus among other factors, JDI now plans to submit the documents to the Kanto Finance Bureau on April 16, 2020.

### **3. Amended financial reports made public on April 13, 2020 (Japanese versions only)**

#### (1) Financial Report

Consolidated financial results for fiscal year 2014 (Japanese GAAP)  
Consolidated financial results for fiscal year 2015 (Japanese GAAP)  
Consolidated financial results for fiscal year 2016 (Japanese GAAP)  
Consolidated financial results for fiscal year 2017 (Japanese GAAP)  
Consolidated financial results for fiscal year 2018 (Japanese GAAP)

#### (2) Quarterly Financial Report

Consolidated financial results for the three months of fiscal year 2017 (Japanese GAAP)  
Consolidated financial results for the six months of fiscal year 2017 (Japanese GAAP)  
Consolidated financial results for the nine months of fiscal year 2017 (Japanese GAAP)  
Consolidated financial results for the three months of fiscal year 2018 (Japanese GAAP)  
Consolidated financial results for the six months of fiscal year 2018 (Japanese GAAP)  
Consolidated financial results for the nine months of fiscal year 2018 (Japanese GAAP)  
Consolidated financial results for the three months of fiscal year 2019 (Japanese GAAP)  
Consolidated financial results for the six months of fiscal year 2019 (Japanese GAAP)

### **4. Details concerning the amendment**

#### **① Recording of fictitious inventories worth JPY 10 billion**

In the fourth quarter of the fiscal year ended March 2014, work in process was overbooked by 3 billion yen. This amount was later reversed in the first quarter of fiscal year ended March 2015.

In addition, the following inappropriate accounting treatment was confirmed: from fiscal year ended March 2016 to fiscal year ended March 2017, work in process in the amount of 10 billion yen was fictitiously recognized. Later, this amount was reversed in stages from the first quarter of fiscal year ended March 2018 until the second quarter

of fiscal year ended March 2019.

② **Avoidance of write-downs of slow-moving and excessive inventories by using sales prospects and other data that differed from the actual conditions**

The following inappropriate accounting treatments were confirmed: Data such as sales forecasts that differed from actual conditions was used to avoid write-downs (maximum amount about 4.3 billion yen/ the third quarter of fiscal year ended March 2016) in regard to retained inventory and excess inventory in the following periods: the fourth quarter of fiscal year ended March 2014 the first quarter of fiscal year ended March 2015, from the third quarter of fiscal year ended March 2015 to the first quarter of fiscal year ended March 2017 and the first quarter of fiscal year ended March 2018.

These inappropriate accounting treatments were resolved through the reversal entries in the following quarterly consolidated accounting periods.

③ **Manipulation of profits by reclassifying consumables to supplies that should otherwise have been recorded as expenses**

The following inappropriate accounting treatment were confirmed: From the fourth quarter of fiscal year ended March 2014 to the second quarter of fiscal year ended March 2020, some items that should have been expensed (maximum amount about 150 million yen/ the first quarter of fiscal year ended March 2020) were accounted for as supplies at some JDI plants (which were requested to reduce fixed costs).

These inappropriate accounting treatments were resolved through the reversal entries in the following quarterly consolidated accounting periods.

④ **Manipulation of profits by postponing or capitalizing expenses or losses**

The following inappropriate accounting treatments were confirmed: In the fourth quarter of fiscal year ended March 2014 and the fourth quarter of fiscal year ended March 2015, 1,715 million yen that should have been recorded as an expense was postponed in order to intentionally manipulate profits. Also, in the third quarter of fiscal year ended March 2014 and the third quarter of fiscal year ended March 2016, 630 million yen (excluding error) that should have been recorded as expenses was recorded as assets.

⑤ **Recognition of sales subject to repurchase agreements with distributors for overseas transaction**

The following instances of inappropriate accounting treatments were confirmed: Sales of 1,541 million yen were recorded in the fourth quarter of fiscal year ended March 2017 and the first quarter of fiscal year ended March 2018 even though the terms and conditions under the repurchase agreement were attached to overseas sales distributors. In addition, in the fourth quarter of fiscal year ended March 2016, sales of 109 million yen were recorded based on sales to domestic sales distributors that did not satisfy revenue recognition accounting requirements at the time of sale.

⑥ **Postponement of the recognition of expenses for product warranties sold to a major customer**

The following inappropriate accounting treatments were confirmed: In the fourth quarter of fiscal year ended March 2017 and the third quarter of fiscal year ended March 2018, the time at which product warranty expenses should have been recorded was postponed intentionally (1,000 million yen in the fourth quarter of fiscal year ended March 2017 and 672 million yen in the third quarter of fiscal year ended March 2018).

**⑦ Not recording and postponing allowances for losses in its Overseas EMS and overseas manufacturing subsidiaries, which are attributable to JDI**

The following instances of inappropriate accounting treatments were confirmed: With respect to the fourth quarter of fiscal year ended March 2014, the third quarter of fiscal year ended March 2016 and the the third quarter of fiscal year ended March 2017, no allowances were recorded for a total loss of 2,534 million yen attributable to the parent company in relation to its overseas EMS companies. In addition, in the fourth quarter of fiscal year ended March 2016, a loss of 584 million yen attributable to the parent company was postponed by recording it as a suspense payment in relation to its overseas manufacturing subsidiaries.

**⑧ Avoidance of impairment losses on fixed assets**

The following inappropriate accounting treatment was confirmed: In the third quarter of fiscal year ended March 2017, the recording of an impairment loss of 2,315 million yen was avoided in regard to idle assets that were not expected to resume operations.

**⑨ Recording profits by capitalizing in the acquisition costs of fixed assets items that should have been originally treated as expenses**

The following inappropriate accounting treatments were confirmed: From the fourth quarter of fiscal year ended March 2016 to the second quarter of fiscal year ended March 2020, items that should have been treated as expenses were included in the acquisition price of fixed assets.

(i) IT outsourcing expenses

A total of 279 million yen from the fourth quarter of fiscal year ended March 2016 to the fourth quarter of fiscal year ended March 2018.

(ii) Start-up costs for the OLED pilot line at the Ishikawa Plant

877 million yen from the third quarter of fiscal year ended March 2017 to the first quarter of fiscal year ended March 2018.

(iii) Start-up costs for the Mobarra Plant J1 OLED line

2,224 million yen from the third quarter of fiscal year ended March 2018 to the second quarter of fiscal year ended March 2020.

(iv) Start-up costs for the D3 line at Hakusan Plant

932 million yen in the third quarter of fiscal year ended March 2017

**⑩ Avoidance of losses by reclassifying R&D expenses paid quarterly to affiliate companies as capital contribution**

The following inappropriate accounting treatment was confirmed: During negotiations concerning changing an service agreement to an investment agreement, in the third quarter of fiscal year ended March 2016 the recording of a 1,625 million yen expense was avoided based on the planned change of the agreement although a high likelihood of a change in the agreement was not objectively recognized.

**⑪ Overstatement of operating profits by inappropriate reclassification of expenses**

The following inappropriate accounting treatment was confirmed: In November 2013, expenses of 512 million yen that should have been recorded as operating expenses were intentionally reclassified as non-operating expenses.

In addition to the above amendments in connection with instances of inappropriate accounting treatments, JDI has amended certain accounting items that were identified in the past but were not amended because they were insignificant.

## 5. Impact of the amendment on consolidated financial results

The financial impact of these amendments on consolidated financial results in previous fiscal years is as follows.

(1) Securities Report and Financial Report

(Unit: Million Yen)

Financial period	Account title	Before amendments (A)	After amendments (B)	Difference (B -A)	Difference rate (%)
12th Fiscal Period (FY ended March 31, 2014)	Revenue	614,567	614,567	-	-
	Operating income	27,624	22,150	(5,474)	(19.8)%
	Ordinary income	19,072	14,108	(4,963)	(26.0)%
	Net income	33,918	28,726	(5,191)	(15.3)%
	Total assets	758,975	755,447	(3,527)	(0.5)%
	Total net assets	405,144	399,953	(5,191)	(1.3)%
13th Fiscal Period (FY ended March 31, 2015)	Revenue	769,304	769,304	-	-
	Operating income	5,147	5,640	493	9.6%
	Ordinary income	1,864	3,131	1,267	68.0%
	Net income	(12,270)	(9,544)	2,726	
	Total assets	831,622	829,579	(2,042)	(0.2)%
	Total assets	402,626	400,153	(2,472)	(0.6)%
14th Fiscal Period (FY ended March 31, 2016)	Revenue	989,115	989,005	(109)	(0.0)%
	Operating income	16,710	10,921	(5,788)	(34.6)%
	Ordinary income	(12,934)	(18,254)	(5,320)	-
	Net income	(31,840)	(42,078)	(10,237)	-
	Total assets	813,861	801,779	(12,082)	(1.5)%
	Total net assets	365,249	352,534	(12,715)	(3.5)%
15th Fiscal Period (FY ended March 31, 2017)	Revenue	884,440	883,045	(1,394)	(0.2)%
	Operating income	18,502	10,677	(7,824)	(42.3)%
	Ordinary income	(8,871)	(15,287)	(6,416)	-
	Net income	(31,664)	(35,503)	(3,839)	-
	Total assets	915,631	900,006	(15,624)	(1.7)%
	Total net assets	327,085	310,502	(16,582)	(5.1)%

16th Fiscal Period (FY ended March 31, 2018)	Revenue	717,522	718,991	1,468	0.2%
	Operating income	(61,749)	(55,081)	6,667	-
	Ordinary income	(93,658)	(85,880)	7,777	-
	Net income	(247,231)	(239,656)	7,575	-
	Total assets	614,692	604,971	(9,721)	(1.6)%
	Total net assets	82,046	73,039	(9,007)	(11.0)%
17th Fiscal Period (FY ended March 31, 2019)	Revenue	636,661	636,661	-	-
	Operating income	(30,989)	(27,230)	3,758	-
	Ordinary income	(44,153)	(40,367)	3,786	-
	Net income	(109,433)	(106,585)	2,847	-
	Total assets	545,376	538,502	(6,874)	(1.3)%
	Total net assets	7,023	862	(6,160)	(87.7)%

Note: "Net income" refers to "Net income attributable to owners of the parent".

(2) Quarterly Securities Report and Quarterly Financial Report

(Unit: Million Yen)

Financial period	Account Title	Before Amendments (A)	After Amendments (B)	Difference (B - A)	Difference rate(%)
13th Fiscal Period (FY ended March 31, 2015) First quarter	Revenue	125,163	125,163	-	-
	Operating income	(12,696)	(9,502)	3,193	-
	Ordinary income	(16,916)	(12,766)	4,149	-
	Net income	(16,834)	(12,798)	4,035	-
	Total assets	730,953	729,797	(1,156)	(0.2)%
	Total net assets	386,491	385,335	(1,156)	(0.3)%
13th Fiscal Period (FY ended March 31, 2015) Second quarter	Revenue	285,574	285,574	-	-
	Operating income	(20,271)	(17,010)	3,261	-
	Ordinary income	(22,477)	(18,270)	4,206	-
	Net income	(27,791)	(23,093)	4,697	-
	Total assets	775,161	774,442	(719)	(0.1)%
	Total net assets	380,746	380,250	(495)	(0.1)%
13th Fiscal Period (FY ended March 31, 2015) Third quarter	Revenue	536,715	536,715	-	-
	Operating income	(5,560)	(4,144)	1,415	-
	Ordinary income	(4,157)	(1,801)	2,355	-
	Net income	(8,629)	(5,935)	2,694	-
	Total assets	858,131	855,594	(2,536)	(0.3)%
	Total net assets	405,951	403,451	(2,500)	(0.6)%
14th Fiscal Period (FY ended March 31, 2016) First quarter	Revenue	246,129	246,129	-	-
	Operating income	2,244	3,305	1,060	47.2%
	Ordinary income	(110)	934	1,044	-
	Net income	(461)	466	928	-
	Total assets	843,788	842,999	(789)	(0.1)%
	Total net assets	403,994	402,443	(1,551)	(0.4)%

14th Fiscal Period (FY ended March 31, 2016) Second quarter	Revenue	507,865	507,865	-	-
	Operating income	10,584	10,625	41	0.4%
	Ordinary income	1,665	2,153	487	29.2%
	Net income	(323)	107	430	-
	Total assets	902,650	900,703	(1,947)	(0.2)%
	Total net assets	401,492	399,588	(1,904)	(0.5)%
14th Fiscal Period (FY ended March 31, 2016) Third quarter	Revenue	812,840	812,840	-	-
	Operating income	23,908	16,150	(7,758)	(32.4)%
	Ordinary income	9,886	2,563	(7,323)	(74.1)%
	Net income	4,411	(2,192)	(6,604)	-
	Total assets	951,217	941,267	(9,950)	(1.0)%
	Total net assets	404,947	395,863	(9,084)	(2.2)%
15th Fiscal Period (FY ended March 31, 2017) First quarter	Revenue	174,342	174,451	108	0.1%
	Operating income	(3,411)	(8,174)	(4,763)	-
	Ordinary income	(14,225)	(20,127)	(5,901)	-
	Net income	(11,772)	(15,796)	(4,024)	-
	Total assets	883,300	868,409	(14,890)	(1.7)%
	Total net assets	348,886	332,231	(16,654)	(4.8)%
15th Fiscal Period (FY ended March 31, 2017) Second quarter	Revenue	370,983	371,091	108	0.0%
	Operating income	(2,176)	(6,258)	(4,082)	-
	Ordinary income	(20,557)	(23,404)	(2,847)	-
	Net income	(16,701)	(18,489)	(1,788)	-
	Total assets	909,696	895,226	(14,469)	(1.6)%
	Total net assets	343,586	329,158	(14,427)	(4.2)%
15th Fiscal Period (FY ended March 31, 2017) Third quarter	Revenue	644,191	644,300	108	0.0%
	Operating income	10,475	5,847	(4,628)	(44.2)%
	Ordinary income	(9,050)	(12,457)	(3,406)	-
	Net income	(9,402)	(13,167)	(3,764)	-
	Total assets	985,331	968,791	(16,540)	(1.7)%
	Total net assets	354,247	337,750	(16,496)	(4.7)%
16th Fiscal Period (FY ended March 31, 2018) First quarter	Revenue	188,588	188,549	(38)	(0.0)%
	Operating income	(14,442)	(14,071)	370	-
	Ordinary income	(20,613)	(19,994)	619	-
	Net income	(31,456)	(30,247)	1,209	-
	Total assets	896,010	882,114	(13,895)	(1.6)%
	Total net assets	296,789	281,416	(15,372)	(5.2)%
16th Fiscal Period (FY ended March 31, 2018) Second quarter	Revenue	373,856	375,325	1,468	0.4%
	Operating income	(26,806)	(25,367)	1,439	-
	Ordinary income	(40,178)	(37,914)	2,264	-
	Net income	(68,033)	(63,597)	4,436	-
	Total assets	841,063	828,873	(12,189)	(1.4)%
	Total net assets	262,247	250,101	(12,145)	(4.6)%



16th Fiscal Period (FY ended March 31, 2018) Third quarter	Revenue	565,588	567,057	1,468	0.3%
	Operating income	(38,897)	(37,827)	1,070	-
	Ordinary income	(58,536)	(56,421)	2,115	-
	Net income	(100,611)	(95,759)	4,852	-
	Total assets	763,193	752,092	(11,101)	(1.5)%
	Total net assets	229,856	218,126	(11,730)	(5.1)%
17th Fiscal Period (FY ended March 31, 2019) First quarter	Revenue	103,281	103,281	-	-
	Operating income	(9,806)	(8,422)	1,384	-
	Ordinary income	(12,713)	(11,415)	1,297	-
	Net income	(1,771)	(474)	1,297	-
	Total assets	586,232	577,808	(8,423)	(1.4)%
	Total net assets	114,190	106,481	(7,709)	(6.8)%
17th Fiscal Period (FY ended March 31, 2019) Second quarter	Revenue	214,273	214,273	-	-
	Operating income	(14,475)	(11,760)	2,714	-
	Ordinary income	(19,029)	(16,541)	2,487	-
	Net income	(9,523)	(7,035)	2,487	-
	Total assets	648,367	641,133	(7,233)	(1.1)%
	Total net assets	106,841	100,322	(6,519)	(6.1)%
17th Fiscal Period (FY ended March 31, 2019) Third quarter	Revenue	465,331	465,331	-	-
	Operating income	(10,626)	(7,423)	3,203	-
	Ordinary income	(19,727)	(16,796)	2,931	-
	Net income	(10,861)	(9,814)	1,047	-
	Total assets	679,954	671,280	(8,674)	(1.3)%
	Total net assets	105,146	97,186	(7,960)	(7.6)%
18th Fiscal Period (FY ended March 31, 2020) First quarter	Revenue	90,421	90,421	-	-
	Operating income	(27,475)	(27,073)	402	-
	Ordinary income	(31,617)	(31,207)	410	-
	Net income	(83,274)	(78,913)	4,361	-
	Total assets	410,520	408,007	(2,512)	(0.6)%
	Total net assets	(77,237)	(79,036)	(1,798)	-
18th Fiscal Period (FY ended March 31, 2020) Second quarter	Revenue	237,762	237,762	-	-
	Operating income	(35,620)	(35,169)	450	-
	Ordinary income	(43,790)	(43,330)	460	-
	Net income	(108,672)	(104,159)	4,512	-
	Total assets	476,624	474,263	(2,361)	(0.5)%
	Total net assets	(101,612)	(103,259)	(1,647)	-

Note: "Net income" refers to "Quarterly net income attributable to owners of the parent".

## 6. Audit Opinion in the Audit Report on Consolidated Financial Statements

### (1) Annual securities reports

The audit report related to the amended consolidated financial statements and non-consolidated statements for the 12th fiscal period (ended March 2014) are scheduled to be received on April 16, 2020.

The audit reports related to the amended consolidated financial statements and non-consolidated financial statements for the 13th fiscal period (ended March 2015), the 14th fiscal period (ended March 2016) and the 15th fiscal period (ended March 2017) are accompanied by qualified opinions. The grounds for the qualified opinions are as follows.

JDI has discovered that some of the documented evidence related to the appraisal value of finished products and work in process was not saved. Since a part of the appraisal value cannot be verified, the independent auditor was unable to verify the adequacy of some of the appraisal value of finished products and work in process in the 12th fiscal period (ended March 2014) and 13th fiscal period (ended March 2015) included in the consolidated financial statements and non-consolidated financial statements. Therefore, no sufficient and appropriate audit evidence can be provided for the appraisal value of finished products and work in process in the 12th fiscal period (ended March 2014) and the 13th fiscal period (ended March 2015) and for the resulting cost of sales in the 13th fiscal period (ended March 2015) and the 14th fiscal period (ended March 2016).

Accordingly, although it was not possible to judge whether or not the amounts related to these unverified matters should be adjusted, this only affects the relevant accounting items and does not affect other accounting items. Since the impact on the consolidated financial statements and non-consolidated financial statements as a whole is limited and the potential impact on the financial statements is important but not wide-ranging, the independent auditor has provided qualified opinions.

An unqualified opinion accompanies the audit reports related to the amended consolidated financial statements and non-consolidated financial statements for the 16th fiscal period (ended March 2018) and the 17th fiscal period (ended March 2019).

## (2) Quarterly securities reports

The quarterly review reports related to the amended financial statements for the 13th fiscal period (ended March 2015), the 14th fiscal period (ended March 2016) and the 15th fiscal period (ended March 2017) are scheduled to be received on April 16, 2020.

The quarterly review reports related to the amended consolidated financial statements for the 16th fiscal period (ended March 2018) and the 17th fiscal period (ended March 2019) are accompanied by unqualified opinions.

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