

December 24, 2019

[English Translation]

Notice Concerning the Establishment of a Third-Party Committee

Japan Display Inc. ("JDI") announces that it has resolved at its board of directors meeting held today to establish a third-party committee. Information about this decision appears below.

* * *

1. Reason for establishing a third-party committee

As announced on December 2, 2019 in a "Notice Concerning the Establishment of a Special Investigation Committee," JDI received notification from a former employee of JDI's administrative division (the "Former Employee") who was dismissed after JDI discovered that this Former Employee had engaged in fraud and against whom JDI has filed a criminal complaint, stating that the Former Employee had conducted improper accounting of JDI's past financial results. In the notification, the Former Employee alleged that the reason for the improper 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 set up a special investigation committee including external experts to conduct a fact-finding investigation of the allegation by the Former Employee of improper accounting in past financial periods (the "Allegation") and any other relevant matters.

Based on the investigate work to date of the special investigation committee, JDI has been notified that specific information has been uncovered in regard to the Allegation that indicates as such that in previous fiscal years inventory that had been booked was overstated by a total of 10 billion yen and that later the total amount of this overstated inventory was reversed. In view of this situation, JDI has determined that an even more transparent investigative process will make the results of an investigation more credible to our stakeholders and that, in doing so, we can more quickly bring our current ongoing fund raising efforts to a conclusion.

Accordingly, as of today, JDI has decided to transition from the current framework of an investigation by a special investigation committee to a framework of an investigation by a third-party committee consisting only of neutral and impartial outside members independent of JDI, with such third-party committee established in accordance with the "Third-Party Committee Guidelines for Corporate Scandals" proscribed by the Japan Federation of Bar Associations.

The composition of the third-party committee is now being discussed with the external members of the current special investigation committee, with members of the third-party committee to be selected from among experts in the field of law and accounting. As soon as the composition of the third-party has been arranged an announcement will be made.

2. Matters to be entrusted to the third party committee

The matters that JDI plans to entrust to the third-party committee will include an investigation into the facts relating to the Allegation as well as an investigation into any other matters that may resemble the Allegation. The period of time to be investigated extends from April 2012 when JDI began operating as a business until September 2019. The specific matters to be entrusted will be decided based on discussions with the selected third-party committee members, and those matters will be disclosed when they have been formally determined.

3. Future action

JDI will fully cooperate with the investigation by the third-party committee. When this committee's investigation will be finalized has not been determined at this time, but as soon as the committee's investigative report is received it will be promptly disclosed.

In addition, JDI currently plans to announce financial results for the third quarter of FY 2019 on February 13, 2020. However, if the schedule for that announcement changes we will issue a notice immediately.

In regard to the Allegation, we sincerely apologize to all concerned parties for causing great concern and disruption. We will endeavor to restore trust and hope to have continued support from our stakeholders.

###