

September 13, 2019

[English Translation]

(Update and Progress of a Disclosure Matter) Notice Concerning Implementation of Structural Reforms through Downsizing of Mobile Business, Employee Reduction, Reduction of Executive Compensation, etc., and Renovation of the Executive Officer Structure

Japan Display Inc. ("JDI") announces in the disclosure made on June 12, 2019, titled, "Notice Concerning Implementation of Structural Reforms through Downsizing of Mobile Business, Employee Reduction, Reduction of Executive Compensation, etc., and Renovation of the Executive Officer Structure," (the "Disclosure as of June 12, 2019"), it would suspend operations at the Hakusan Plant (Ishikawa-site, Hakusan-shi, Ishikawa Prefecture), and close the back-end production line in the Mobara Plant (V2 line, Mobara-shi, Chiba Prefecture), seek voluntary early retirements in Japan, reduce the number of employees at overseas sales offices, and transfer certain employees to JOLED Inc. ("JOLED"), as the implementation of structural reforms aimed at further reducing fixed costs. The implementation of these measures is as follows.

I. Suspension of operations at the Hakusan Plant, and the closure of the back-end production line in the Mobara Plant

In the Disclosure as of June 12, 2019, JDI stated that it would suspend operations at the Hakusan Plant, one of the production sites that produce displays for smartphones, and decide whether or not to re-start production based on customer demand, going forward by the end of September 2019.

After the decision to suspend operations of the Hakusan Plant, JDI has worked to expand orders from customers, and has closely watched customer demand trends. However, at this point, JDI does not anticipate an increase in demand sufficient to generate profits from the resumption of operations. On the other hand, JDI is currently holding discussions with Harvest Tech Investment Management Co., Ltd. ("Harvest Tech"), with which JDI entered into a Memorandum of Understanding on April 12, 2019, toward formulating and implementing a business alliance with respect to a plan for the mass production of evaporation OLED displays, and Harvest Tech has proposed the utilization of the Hakusan Plant as a candidate for a mass production site for OLED displays in the future. Therefore, JDI and Harvest Tech have begun discussions on the possibilities of such utilization.

In light of these circumstances, JDI has decided to continue to suspend the Hakusan Plant's operations for the time being. JDI will continue to consider how to use the Hakusan Plant in the future, based on discussions with Harvest Tech.

Production of the Mobara Plant back-end production line was completed by the end of August 2019.

II. Reduction of employees

1. An outline of reductions in the number of employees, announced in the Disclosure as of June 12, 2019

An outline of employee reductions, and other measures, announced in the Disclosure as of June 12, 2019, is as follows.

(1) Offering of voluntary early retirement in Japan

(i)	Number of employees expected to accept the offer:	1,200
(ii)	Individuals eligible for voluntary early retirement:	Employees who are 40 years of age or older as of March 31, 2020, including seconded employees to JOLED and overseas offices. (Note 1) Age limits will not be applied to employees belonging to the Hakusan Plant organization, V2 line, and Western Japan office. (Note 2) The number of employees and seconded employees in Japan as of June 1, 2019 is 4,635
(iii)	Early retirement application period:	From July 29, 2019 to August 27, 2019
(iv)	Retirement date (planned):	By September 30, 2019
(v)	Other:	Individuals wishing for early retirement will receive retirement packages in accordance with the retirement allowance policies, and will also receive special retirement benefits. Further, those wishing for early retirement will receive reemployment support.

(2) Reduction in the number of employees at overseas sales offices

Several dozen employees in a sales subsidiary in China, which mainly sells smartphone displays, will be let go.

(3) Employment transfer to JOLED

JDI will discuss with JOLED the treatment of the employees seconded from JDI to JOLED, and the employees scheduled to be seconded to JOLED in the future, on the assumption that they will be transferred to JOLED.

2. Implementation of employee reduction

The status of the measures mentioned in I. above is as follows.

(1) Number of employees who applied for early retirement in Japan : 1,266 (Note 1)

(2) Number of employees let go at overseas sales offices : 40 at JDI China Inc. in China

(3) Number of employees who will be transferred to JOLED (Note 2) : 229 (scheduled retirement date at JDI is September 30, 2019)

(Note 1) Numbers of employees who will be transferred to JOLED in (3) are not included.

(Note 2) To date, JDI and JOLED have agreed that all eligible employees who have agreed on terms of transfer will be transferred to JOLED.

III. Future Outlook

Regarding the Hakusan Plant mentioned in I. above, JDI will continue to discuss closely with Harvest Tech the handling of it, including its use in OLED manufacturing, and will determine a policy by the end of Fiscal Year 2019. In addition, the Disclosure as of June 12, 2019 stated that if the Hakusan Plant is not to be restarted, additional extraordinary losses of 10 to 20 billion yen may be recorded for penalties related to

plant operations and subsidy repayments. However, due to the possibility of restart in the future, no penalties related to plant operations to be paid to suppliers are expected in the second quarter of Fiscal Year 2019 (July to September). Regarding subsidies granted by local governments in the past, JDI will discuss with the relevant local governments the necessity of returning them. However, if a returning obligation arises, the amount of such subsidy repayments will be recorded as an extraordinary loss at the appropriate time.

Also, the Disclosure as of June 12, 2019 stated that JDI expected to record approximately 9 billion yen of early premium retirement benefits as an extraordinary loss arising from the voluntary retirement of voluntary retirees described in II. above. As a result of the aggregation based on the application results, the estimated amount of early premium retirement benefit generated was approximately 8.1 billion yen. The definite amount of the benefit will be recorded as an extraordinary loss in the second quarter of the current fiscal year. Furthermore, as also announced in the Disclosure as of June 12, 2019, JDI expects cost reductions from the employee reductions, etc. (personnel expenses and personnel-related expenses) resulting from the above II. to be approximately 20 billion yen annually.

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