



[Provisional Translation Only]

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Japan Display Inc. (JDI) (Tokyo Stock Exchange Prime Market, 6740)

Representative: Jun Akema, CEO

Inquiries: Ken Hirabayashi, CFO

Telephone: +81-3-6732-8100

www.j-display.com/en/

Capital Reduction and Surplus Appropriation

For approval at its June 24, 2026 shareholder meeting (AGM), JDI today decided to propose to reduce its capital and capital reserve (the "Capital Reduction") and make an appropriation of surplus capital (the "Surplus Appropriation").

1. Purpose

The Capital Reduction and Surplus Appropriation are being undertaken to optimize JDI's capital structure, strengthen its financial position, and enable more flexible capital policy execution.

These are accounting reclassifications within the components of JDI's net assets, and will not result in any change in the total amount of net assets.

In addition, there will be no change in the total number of issued shares.

2. Overview

(1) Capital Reduction

Pursuant to Article 447 (1) of the Companies Act, JPY 4,820,555,000 of JPY 4,920,555,500 of capital as of May 14, 2026 will be reduced, and the entire amount of the reduction will be transferred to other capital surplus.

(i)	Decrease in capital	JPY 4,820,555,500
(ii)	Increase in other capital surplus	JPY 4,820,555,500
(iii)	Capital after decrease	JPY 100,000,000

If any JDI's stock acquisition rights (warrants) are additionally exercised during the period from May 14, 2026 to March 31, 2027, the amount of stated capital will be reduced by an amount equal to the increase in stated capital resulting from such exercise, and the entire amount of such reduction will be transferred to additional paid-in capital.

(2) Capital Reserve Reduction

Pursuant to Article 448 (1) of the Companies Act, the entire amount of JPY 48,160,555,500 of capital reserve as of May 14, 2026 will be reduced and transferred to other capital surplus.

(i)	Decrease in capital reserve	JPY 48,160,555,500
(ii)	Increase in other capital surplus	JPY 48,160,555,500
(iii)	Capital reserve after decrease	JPY 0

If any JDI's stock acquisition rights (warrants) are additionally exercised during the period

from May 14, 2026 to March 31, 2027, the amount of stated capital reserve will be reduced by an amount equal to the increase in stated capital reserve resulting from such exercise, and the entire amount of such reduction will be transferred to additional paid-in capital.

(3) Surplus Appropriation

Pursuant to Article 452 of the Companies Act, the total amount obtained by adding the amounts transferred from stated capital and capital reserve to additional paid-in capital in (1) and (2) above and the full amount of additional paid-in capital of JPY 79,319,921,708 as of May 14, 2026 will be transferred to retained earnings brought forward and used to offset the accumulated deficit.

However, the maximum amount to be transferred from additional paid-in capital to retained earnings brought forward shall be limited to the amount of such deficit as of March 31, 2026 based on the finalized financial statements.

3. Schedule

(1) Board of Directors Resolution	May 14, 2026	
(2) Start of Creditor Objection Period	May 25, 2026	(expected)
(3) AGM	June 24, 2026	(expected)
(4) End of Creditor Objection Period	June 25, 2026	(expected)
(5) Effective Date	March 31, 2027	(expected)

4. Outlook

The impact of this proposal on JDI’s FY27/3 consolidated earnings is minimal.

The Capital Reduction and Surplus Appropriation are just accounting transfers among sub-categories of JDI’s Net Assets, and thus will have no effect on JDI’s total Net Assets.