

## Notice Concerning Reduction of Capital Reserve and Appropriation of Surplus

Japan Display Inc. ("JDI") announces that it has resolved at its board of directors meeting held today to submit a proposal regarding the reduction of capital reserve and appropriation of surplus to the 18th annual general meeting of shareholders scheduled to be held on August 26, 2020 (the "General Meeting of Shareholders").

### 1. Purpose of Reduction of Capital Reserve and Appropriation of Surplus

As of March 31, 2020, JDI had a retained loss carried forward of JPY 472,699,909,486. With the aim of restoring financial soundness to secure the future flexibility of capital policy by partly offsetting this retained loss carried forward as well as reducing the tax burden by reducing the amount of capital reserve, JDI plans to reduce the amount of capital reserve and to appropriate the surplus.

### 2. Details of Reduction of Capital Reserve

Pursuant to Article 448, paragraph (1) of the Companies Act, JDI will reduce its capital reserve and transfer the reduced amount to other capital surplus.

- (1) Item and amount of reserves to be reduced  
Capital reserve JPY 217,547,043,063 (Full amount of the capital reserve)
- (2) Item and amount of surplus to be increased  
Other capital surplus JPY 217,547,043,063

### 3. Details of Appropriation of Surplus

Pursuant to Article 452 of the Companies Act, JDI will transfer the amount of other capital surplus transferred from the capital reserve based on the transaction shown in 2. above to retained loss carried forward, thereby offsetting a part of the retained loss carried forward. This will result in the amount of the retained loss carried forward being JPY 255,152,866,423.

- (1) Item and amount of surplus to be reduced  
Other capital surplus JPY 217,547,043,063
- (2) Item and amount of surplus to be increased  
Retained earnings carried forward JPY 217,547,943,063

#### **4. Schedule for Reduction of Capital Reserve and Appropriation of Surplus**

- (1) Date of the resolution of the board of directors meeting July 21, 2020
- (2) Date of the General Meeting of Shareholders August 26, 2020 (scheduled)
- (3) Effective date August 26, 2020 (scheduled)

(Note) As the reduction of capital reserve meets the requirement under the proviso to Article 449, paragraph (1) of the Companies Act, the procedures for creditors making objections are not required.

#### **5. Future Outlook**

Both the reduction of capital reserve and the appropriation of surplus are reclassifications of the "net assets" account on JDI's balance sheet, and there is no change in JDI's profit and loss and the amount of net assets. Therefore, the impact of these transactions on JDI's business performance is minor.

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