

December 22, 2016

[Translation]

Company Name: Sharp Corporation
Representative: J.W. Tai
President & Chief Executive Officer
(Code No. 6753)

Notice Regarding Business Alliance with Skytec Group Limited and Acquisition of Shares of SKYTEC UMC LTD (to Make It Sharp's Subsidiary)

Sharp announces today that it has decided to conduct a new business alliance with Skytec Group Limited ("Skytec") in order to promote the manufacturing and sale of Sharp brand products and services and enhance the Sharp brand in Europe, and to acquire from Skytec the SKYTEC UMC LTD ("SUMC") shares possessed by Skytec and thereby make SUMC Sharp's subsidiary.

This acquisition of shares is based on the conclusion of discussions on the execution of a new business alliance agreement with the Universal Media Corporation /Slovakia/ s.r.o. ("UMC") group as Sharp announced in "Regarding Enhancement of Business Alliance with Universal Media Corporation/Slovakia/s.r.o." dated September 21, 2016.

1. Background of the business alliance and share acquisition

With respect to the LCD TV business that was operated under the Sharp brand in the European market, Sharp executed a business alliance agreement that aimed mainly at providing the Sharp brand, including AQUOS, to the LCD TV business that is operated by UMC in Europe, and the business alliance started on January 1, 2015.

Under the new management system established in August of this year, Sharp held up "One SHARP" as its management policy to heighten its overall strength by all of its businesses cooperating with each other, and to satisfy the expectations of various stakeholders through expanding its business. Furthermore, Sharp established a new corporate motto, "Be Original.," to which Sharp gives the meaning to the effect that it provides each customer with products and services overflowing with Sharp's originality, inheriting its founding spirit of "Sincerity and Creativity," and has continued to look into various measures aimed at making Sharp's iconic stand-out global brands, including the AV business in the European market.

Under these circumstances, Sharp decided to enter into a share transfer agreement for the purpose of entering into a business alliance with Skytec concerning the AV business in the European market and to make SUMC Sharp's subsidiary by acquiring 56.7% of the shares of SUMC held by Skytec. Upon this decision, resources, such as the brands and liquid crystal panels possessed by the Sharp group, will be organically integrated with the business sales capability and others possessed by SUMC. Sharp determined that reentering the European AV market with a new system will contribute to enhancing the corporate value of the Sharp group.

SUMC has as its main subsidiaries (operating companies), UMC, as stated above, and UMC Poland Sp. z o.o., as stated below, and in the future Sharp will proceed with AV business in the European market principally through these companies.

2. Outline of the subsidiary (joint venture company) to be changed

(1) Outline of the subsidiary (joint venture company)

(i) Name	SKYTEC UMC LTD
(ii) Location	Arch. Makariou & Kalograion, 4 Nicolaides Sea View City, 9th floor, Flat/ Office 903-904 Block A-B, 6016, Larnaca, Cyprus
(iii) Title and Name of Representative	CEO, Aslan Khabliev
(iv) Details of Business	Holding company
(v) Capital	30,000 EUR (3,677 thousand yen. Calculated at the exchange rate of 1 EUR = 122.58 yen. As of December 21, 2016. Hereinafter, the exchange rate of EUR is the same unless otherwise specified.)
(vi) Date of Establishment	October 5, 2016
(vii) Fiscal Year Ended	June 30
(viii) Major Shareholder and Shareholding Percentage	Skytec 99.997%
(ix) Relationship between the Listed Company and the Relevant Company	
Capital Relationship	There is no capital relationship that needs to be stated between Sharp and the relevant company. There is no capital relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.
Personnel Relationship	There is no personnel relationship that needs to be stated between Sharp and the relevant company. There is no personnel relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.
Transaction Relationship	Sharp executed a license agreement with UMC, which is a subsidiary of the relevant company, concerning the use of the Sharp brand.
Status as a Related Party	The relevant company or any related person or related company of the relevant company does not fall under the category of a related party of Sharp.
(x) Results of Operations and Financial Conditions of the Relevant Company for Previous Three Fiscal Years	Not applicable since the relevant company was established in October 2016. Outlines of the main subsidiaries of the relevant company (operating companies); UMC Poland Sp. z o.o. and UMC, are provided in (2).

(2) Outline of the operating companies

[UMC Poland Sp. z o.o.]

(i) Name	UMC Poland Sp. z o.o.
(ii) Location	Ostaszewo 57B 87-148 Lysomice Poland
(iii) Title and Name of Representative	CEO, Aslan Khabliev
(iv) Details of Business	Manufacturing and sale of TVs
(v) Capital	203,000,000 PLN (5,643 million yen. Calculated at the exchange rate of 1 PLN = 27.80 yen. As of December 21, 2016)
(vi) Date of Establishment	November 4, 2003
(vii) Fiscal Year Ended	June 30
(viii) Major Shareholder and Shareholding Percentage	SKYTEC UMC LTD 100%

(ix) Relationship between the Listed Company and the Relevant Company			
Capital Relationship	There is no capital relationship that needs to be stated between Sharp and the relevant company. There is no capital relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.		
Personnel Relationship	There is no personnel relationship that needs to be stated between Sharp and the relevant company. There is no personnel relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.		
Transaction Relationship	There is no transaction relationship that needs to be stated between Sharp and the relevant company. There is no transaction relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.		
Status as a Related Party	The relevant company or any related person or related company of the relevant company does not fall under the category of a related party of Sharp.		
(x) Results of Operations and Financial Conditions of the Relevant Company for Previous Three Fiscal Years (*)			
Fiscal Year Ended	Fiscal year ended March 2014	Fiscal year ended March 2015	Fiscal year ended June 2016
Net Assets	151,858 thousand PLN (5,151 million yen)	150,853 thousand PLN (4,811 million yen)	212,834 thousand PLN (5,519 million yen)
Total Assets	317,321 thousand PLN (10,764 million yen)	263,244 thousand PLN (8,395 million yen)	544,581 thousand PLN (14,121 million yen)
Net Assets per Share	37.40 PLN (1,268.61 yen)	37.16 PLN (1,185.03 yen)	52.42 PLN (1,359.25 yen)
Proceeds of Sale	726,464 thousand PLN (24,642 million yen)	410,278 thousand PLN (13,084 million yen)	1,192,372 thousand PLN (30,918 million yen)
Operating Income or Operating Loss (-)	-4,147 thousand PLN (-141 million yen)	9,291 thousand PLN (296 million yen)	51,794 thousand PLN (1,348 million yen)
Ordinary Income or Ordinary Loss (-)	-7,353 thousand PLN (-249 million yen)	70 thousand PLN (2 million yen)	53,170 thousand PLN (1,379 million yen)
Net Income or Net Loss (-)	-32,387 thousand PLN (-1,099 million yen)	70 thousand PLN (2 million yen)	61,981 thousand PLN (1,607 million yen)
Net Income or Net Loss (-) per Share	-7.98 PLN (-270.68 yen)	0.02 PLN (0.64 yen)	15.27 PLN (395.95 yen)
Dividends per Share	-	-	-

* In the above results, the conversion was based on 1 PLN = 33.92 yen (as of March 31, 2014) for the fiscal year ended March 2014, 1 PLN = 31.89 yen (as of March 31, 2015) for the fiscal year ended March 2015, and 1 PLN = 25.93 yen (as of June 30, 2016) for the fiscal year ended June 2016.

The figures for the fiscal year ended June 2016 are accumulated for 15 months due to the change of the fiscal year end.

[Universal Media Corporation /Slovakia/ s.r.o.]

(i)	Name	Universal Media Corporation /Slovakia/ s.r.o.		
(ii)	Location	Mickiewiczova 7104/14 811 07 Bratislava 1 Slovakia		
(iii)	Title and Name of Representative	CEO, Aslan Khablev		
(iv)	Details of Business	Sales of TVs		
(v)	Capital	1,659,696 EUR (203,446 thousand yen)		
(vi)	Date of Establishment	November 4, 2003		
(vii)	Fiscal Year Ended	June 30		
(viii)	Major Shareholder and Shareholding Percentage	SKYTEC UMC LTD 100%		
(ix)	Relationship between the Listed Company and the Relevant Company			
	Capital Relationship	There is no capital relationship that needs to be stated between Sharp and the relevant company. There is no capital relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.		
	Personnel Relationship	There is no personnel relationship that needs to be stated between Sharp and the relevant company. There is no capital relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.		
	Transaction Relationship	Sharp executed a license agreement concerning the use of the Sharp brand with the relevant company.		
	Status as a Related Party	The relevant company or any related person or related company of the relevant company does not fall under the category of a related party of Sharp.		
(x)	Results of Operations and Financial Conditions of the Relevant Company for Previous Three Fiscal Years (*)			
	Fiscal Year Ended	Fiscal year ended June 2014	Fiscal year ended June 2015	Fiscal year ended June 2016
	Net Assets	13,541,272 EUR (1,872 million yen)	16,793,626 EUR (2,304 million yen)	13,058,977 EUR (1,493 million yen)
	Total Assets	116,776,061 EUR (16,140 million yen)	156,163,768 EUR (21,426 million yen)	107,833,707 EUR (12,332 million yen)
	Net Assets per Share	-	-	-
	Proceeds of Sale	238,901,339 EUR (33,019 million yen)	196,958,501 EUR (27,023 million yen)	270,017,665 EUR (30,879 million yen)
	Operating Income or Operating Loss (-)	3,721,478 EUR (514 million yen)	11,937,827 EUR (1,638 million yen)	-2,432,021 EUR (-278 million yen)
	Ordinary Income or Ordinary Loss (-)	847,833 EUR (117 million yen)	528,878 EUR (73 million yen)	-513,538 EUR (-59 million yen)
	Net Income or Net Loss (-)	588,810 EUR (81 million yen)	393,267 EUR (54 million yen)	-1,004,789 EUR (-115 million yen)
	Net Income	-	-	-
	Dividends per Share	-	-	-

* In the above results, the conversion was based on 1 EUR = 138.21 yen (as of June 30, 2014) for the fiscal year ended June 2014, 1 EUR = 137.20 yen (as of June 30, 2015) for the fiscal year ended June 2015, and 1 EUR = 114.36 yen (as of June 30, 2016) for the fiscal year ended June 2016.

3. Outline of the other party to the business alliance and share acquisition

(1) Details of the business alliance

Sharp and Skytec will jointly operate SUMC and its affiliated companies and engage in the AV business, such as the production and sale of TVs.

(2) Outline of the other party

(i)	Name	Skytec Group Limited		
(ii)	Location	Arch. Makariou & Kalograion, 4 Nicolaides Sea View City, 9th floor, Flat/ Office 903-904 Block A-B, 6016, Larnaca, Cyprus		
(iii)	Title and Name of Representative	CEO, Aslan Khabliev		
(iv)	Details of Business	Holding company		
(v)	Capital	3,000,000 CHF (344 million yen. Calculated at the exchange rate of 1CHF = 114.66 yen. As of December 21, 2016)		
(vi)	Date of Establishment	August 25, 2000		
(vii)	Major Shareholder and Shareholding Percentage	Vladislav Khabliev 100%		
(viii)	Relationship between the Listed Company and the Relevant Company			
	Capital Relationship	There is no capital relationship that needs to be stated between Sharp and the relevant company. There is no capital relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.		
	Personnel Relationship	There is no personnel relationship that needs to be stated between Sharp and the relevant company. There is no capital relationship that needs to be stated between any related person or related company of Sharp and those of the relevant company.		
	Transaction Relationship	There is no transaction relationship that needs to be stated between Sharp and the relevant company or any related person of the relevant company. Sharp executed a license agreement with UMC, which is a sub-subsidiary of the relevant company, concerning the Sharp brand.		
	Status as a Related Party	The relevant company or any related person or related company of the relevant company does not fall under the category of a related party of Sharp.		
(ix)	Results of Operations and Financial Conditions of the Relevant Company for Previous Three Fiscal Years			
	Fiscal Year Ended	Fiscal year ended December 2013	Fiscal year ended December 2014	Fiscal year ended December 2015
	Net Assets	-232,425 CHF (-27,501 thousand yen)	-258,566 CHF (-31,488 thousand yen)	-302,247 CHF (-36,708 thousand yen)
	Total Assets	1,968,239 CHF (232,882 thousand yen)	1,966,166 CHF (239,440 thousand yen)	3,832,019 CHF (465,399 thousand yen)
	Net Assets per Share	-77.48 CHF (-9,167.43 yen)	-86.19 CHF (-10,496.22 yen)	-100.75 CHF (-12,236.09 yen)
	Proceeds of Sale	28,800 CHF (3,408 thousand yen)	28,503 CHF (3,471 thousand yen)	1,896,600 CHF (230,342 thousand yen)

	Operating Loss (-)	-3,420 CHF (-405 thousand yen)	-26,140 CHF (-3,183 thousand yen)	-43,681 CHF (-5,305 thousand yen)
	Ordinary Loss (-)	-3,420 CHF (-405 thousand yen)	-26,140 CHF (-3,183 thousand yen)	-43,681 CHF (-5,305 thousand yen)
	Net Loss (-)	-3,420 CHF (-405 thousand yen)	-26,140 CHF (-3,183 thousand yen)	-43,681 CHF (-5,305 thousand yen)
	Net Loss per Share (-)	-1.14 CHF (-134.88 yen)	-8.71 CHF (-1,060.70 yen)	-14.56 CHF (-1,768.31 yen)
	Dividends per Share	-	-	-

* In the above results, the conversion was based on 1CHF = 118.32 yen (as of December 30, 2013) for the fiscal year ended December 2013, 1CHF = 121.78 yen (as of December 30, 2014) for the fiscal year ended December 2014, and 1CHF = 121.45 yen (as of December 30, 2015) for the fiscal year ended December 2015.

4. Number of acquired shares, acquisition price, and number of shares held and the status of the percentage of voting rights before and after the acquisition

(1) Number of shares held before the acquisition

Skytec	29,999 shares (percentage of voting rights: 99.997%)
Aslan Khabliev (individual)	1 share (percentage of voting rights: 0.003%)

(2) Number of shares to be acquired and the acquisition price

Sharp	17,010 shares (85 million EUR) (10,419 million yen)
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(3) Number of shares to be held after the acquisition

Skytec	12,989 shares (percentage of voting rights: 43.297%)
Sharp	17,010 shares (percentage of voting rights: 56.700%)
Aslan Khabliev (individual)	1 share (percentage of voting rights: 0.003%)

5. Schedule

(1) Date of decision and conclusion of the agreement	December 22, 2016
(2) Date of share transfer	February 10, 2017 (to be fixed)

6. Future outlook

The impact of this transaction on Sharp's results will be minor.

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