

August 5, 2020

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

(Progress Disclosure) Notice of Corporate Spin-Off of the Display Device Business

Following the announcement made by Sharp Corporation (“the Company”) on May 29, 2020 regarding its decision at a meeting of the Board of Directors to spin off the Display Device business within fiscal 2020, today, the Company held a meeting of the Board of Directors deciding to conduct this spin off through an absorption-type split (“Corporate Spin-Off”) to its newly established subsidiary (“Subsidiary Company”) from October 1, 2020.

Because this is an absorption-type split into wholly-owned subsidiaries, some disclosure matters and content are omitted.

1. Purpose of Corporate Spin-Off

The Company is currently promoting its ongoing business activities pursuing to transfer into a standing-out global brand company as part of its basic policy.

As part of these efforts, it was decided to spin-off our advanced Display Device Business supporting our brand to clarify management responsibilities, while considering collecting external funding by investment from other companies, and execute swift decision-making against heavily changing business environments and realizing sustainable investment in facility and development in order to maintain competitiveness and to expand its business.

2. Summary of Corporate Spin-off

(1) Schedule

Date of resolution by Board of Directors	August 5, 2020
Establishment of Subsidiary Companies	August 7, 2020 (provisional)
Date of split agreement signing	August 7, 2020 (provisional)
Scheduled date of implementation (effective date)	October 1, 2020

(2) Method of Spin-Off

Sharp Display Technology Corporation (“SDTC”) will be established as Subsidiary Company for the Corporate Spin-Off.

The Subsidiary Company will be the successor company in an absorption-type split, with the Company being the splitting company, and after the absorption-type split the Subsidiary Company will be the successor the business described in (6) below, herein, all of these elements are collectively referred to as the “Absorption-type Split.” Because the stipulations of Article 784, Paragraph 2 of the Companies Act regarding simple absorption-type company splits apply to the

Company, and the stipulations of Article 7696, Paragraph 1 regarding informal company splits apply to SDTC, no Shareholders' Meeting resolution will be sought prior to the spinning off of SDTC.

(3) Content of Allocation in the Absorption-type Split

At the time of the Absorption-type Split, SDTC will not allocate shares or provide cash or other assets to the Company.

(4) Handling of Sharp Options and Bonds with Share Options Accompanying the Absorption-type Split

There will be no change in the handling of new share options issued by the Company.

(5) Capital Increase Accompanying the Absorption-type Split

No increase or decrease in the capital of the Company and SDTC will accompany the Absorption-type Split.

(6) Succession of Rights and Obligations to SDTC

The assets and liabilities, as well as their attendant rights and responsibilities, belonging to the Company's Display Device business shall pass to SDTC to the extent stipulated in the absorption-type split agreement signed between the Company and SDTC.

(7) Outlook for Fulfillment of Obligations

An assessment of the outlook for fulfillment of obligations by Sharp Corporation and SDTC has found nothing which would present a problem.

3. Overview of Participants in the Absorption-Type Company Split

(1) Splitting Company

1.	Name	Sharp Corporation	
2.	Location	1 Takumi-cho, Sakai-ku, Sakai, Osaka, Japan	
3.	Job title and name of representative	J.W. Tai, Chairman and CEO	
4.	Business description	Manufacture and sales of telecommunications equipment, electrical and electronic equipment, and electronic components	
5.	Capitalization	5 billion yen	
6.	Date established	May 1935	
7.	Number of shares issued	532,416,558	
8.	End of fiscal year	March 31	
9.	Major shareholders and shareholding ratio	Hon Hai Precision Industry Co., Ltd.	24.4%
		Foxconn (Far East) Limited	17.2%
		Foxconn Technology Pte. Ltd.	12.1%
		SIO International Holdings Limited	6.8%
10.	Consolidated operating results and financial condition of the company in the preceding fiscal year		
	Net assets	295,138 million yen	
	Total assets	1,832,349 million yen	
	Net assets per share	450.70 yen	

Net sales	2,271,248 million yen
Operating income	52,773 million yen
Recurring profit	55,541 million yen
Net income attributable to owners of parent	20,958 million yen
Net income per share	34.31yen

(2) Succeeding Company

1. Name	Sharp Display Technology Corporation
2. Location	464 Kohgawa, Shiraki-cho, Kameyama City, Mie, Japan
3. Job title and name of representative	Taimi Oketani
4. Business description	Planning, developing, designing, manufacturing and sales display devices and display technology appliances
5. Capitalization	100 million yen
6. Date established	August 2020 (Plan)
7. Number of shares issued	2,000 (Plan)
8. End of fiscal year	March 31
9. Major shareholder and shareholding ratio	Sharp Corporation 100%

Note: The succeeding company of the company split is to be established in the near future, and thus there are not figures for operating results, etc. for the preceding fiscal year.

Overview of Businesses to Be Split

Business description	Planning, developing, designing, manufacturing and sales display devices and display technology appliances
2. Operating results (fiscal year ended March 2020)	
Net sales	651,444 million yen
3. Assets and liabilities to be split and their book value (as of June 30, 2020)	
Current assets	92,951 million yen
Fixed assets	77,745 million yen
Current liabilities	22,644 million yen
Fixed liabilities	5 million yen

Note: Operating results include internal sales to other segments.

Note: "Assets and liabilities to be split and their book value" are based on current scheduled assets and liabilities, and are subject to change including items to be split.

(3) Status Following the Absorption-type Split

There will be no change in the name, location, names and positions of executives, business content, capital and accounting period for Sharp Corporation.

No change in the location, names and positions of executives, business content, capital and accounting period for SDTC is expected.

(4) Future Outlook

The Absorption-type Split will have a small impact on Sharp Corporation's consolidated performance as a result of the absorption-type split process involved in creating the Subsidiary Companies.

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