

[Translation based on material released on Tokyo Stock Exchange by Sharp Corporation]

March 25, 2020

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

**Announcement Regarding NEC Display Solutions Becoming
a Subsidiary (Joint Venture) of Sharp Corporation**

Today, March 25, Sharp Corporation (hereinafter “Sharp”) decided and agreed with NEC Corporation (hereinafter “NEC”. NEC and its subsidiaries and affiliated companies shall be referred to as “NEC Group”) to acquire 66% of the shares of NEC Display Solutions, Ltd. (hereinafter “NDS”), a subsidiary of NEC, to become a subsidiary of Sharp and to be jointly operated with NEC as a joint venture.

1. Reason for Acquisition of Shares

NDS is in charge of BtoB display business within the NEC Group, with LCD display, professional projector, digital cinema products and solutions at its core development worldwide. Meanwhile, Sharp develops its BtoB display business with LCD display, electric whiteboard, professional projector, and 8K related equipment etc. in the Japanese market.

NDS holds strengths in the global market centering in Europe and North America, while Sharp has its strengths in the Japan market, making both parties mutually complementary, and various synergy effects can be expected by establishing a joint venture, such as scale merit, cross-selling of products, and business expansion in new categories such as LED display and 8K+5G Ecosystems with mutual cooperation.

As the above, Sharp views that making NDS its subsidiary and also a joint venture with the NEC Group will contribute to Sharp’s business growth by enforcing its BtoB business and expanding sales etc., and decided to acquire a majority of NDS shares.

2. Overview of the Acquisition

66% of NDS shares will be transferred from NEC to Sharp. The shares currently partially owned by NEC Networks & System Integration Corporation are scheduled to be transferred to NEC prior to the share transfer to Sharp, and NEC will hold all shares of NDS at that time.

With the above, NDS will become Sharp’s subsidiary as Sharp will hold 66% of its shares. NEC will continue to hold 34% of its shares to make NDS a joint venture between Sharp and NEC.

Also, the following four subsidiaries of NDS will become Sharp’s subsidiaries with the above transfer of NDS becoming Sharp’s subsidiary.

- (1) NEC Display Solutions of America, Inc.
- (2) NEC Display Solutions Europe GmbH
- (3) NEC Viewtechnology Trading (Shenzhen), Ltd.
- (4) S[quadrat] GmbH

3. Overview of NDS

1. Name	NEC Display Solutions Ltd.		
2. Location	Mita Kokusai Building, 4-28, Mita 1-chome, Minato-ku, Tokyo, Japan		
3. Job title and name of representative	Hisatsugu Nakatani, President		
4. Business description	Development, manufacturing, and sales of visual display products and visual display solutions		
5. Capitalization	3.0 billion yen		
6. Date established	January 18, 2000		
7. End of fiscal year	March		
8. Major shareholder and shareholding ratio	NEC 99.9%, NEC Networks & System Integration Corporation 0.1%		
9. Relationship between the company in question and the listed company	There is no applicable relationship in capital, personnel, and business between Sharp and its subsidiaries with NDS and its subsidiaries.		
10. Operating results and financial condition of the company during the last three years			
Fiscal year	Ended March 2017	Ended March 2018	Ended March 2019
Net assets (equity)	4,930 million yen	7,553 million yen	5,756 million yen
Total assets	34,753 million yen	39,952 million yen	33,521 million yen
Net assets per share	160,064 yen	245,227 yen	186,883 yen
Net sales	69,079 million yen	72,005 million yen	63,258 million yen
Operating income	897 million yen	2,492 million yen	(251 million yen)
Recurring profit	980 million yen	3,226 million yen	653 million yen
Net income	724 million yen	2,849 million yen	(317 million yen)
Net income per share	23,506 yen	92,500 yen	(10,292 yen)
Dividend per share	2,750 yen	9,030 yen	46,200 yen

* Ended March 2019 net sales: 97,370 million yen, operating income: 930 million yen (IFRS base). Surplus is maintained even on a non-consolidated base after excluding structural reform costs and initial investments toward new businesses.

4. Overview of Counterparty to Share Acquisition Agreement (as of March 31, 2019)

1. Name	NEC Corporation
2. Location	7-1, Shiba 5-chome, Minato-ku, Tokyo, Japan
3. Job title and name of representative	Takashi Niino, President & CEO
4. Business description	Public Business, Enterprise Business, Network Services Business, System Platform Business, Global Business
5. Capitalization	397.2 billion yen
6. Date established	July 17, 1899
7. Consolidated net assets	1,060.3 billion yen
8. Consolidated total assets	2,950.6 billion yen

9. Major shareholders and shareholding ratios	The Master Trust Bank of Japan, Ltd. (Trust Account) 7.28% Japan Trustee Services Bank, Ltd. (Trust Account) 6.04% NIHK A/C CLIENT (OWNED BY KKR FUNDS) 3.45%
10. Relationship between the listed company and the company in question	
Capital relationship	Not applicable
Personnel relationship	Not applicable
Business relationship	Business relationships exist with the company, such as product sales.
Applicable situation to related parties	Not applicable

5. Number of Shares to Be Transferred and Status of Share Ownership Before and After Transfer

(1) Number of shares owned before the transfer: 0 shares (ownership percentage: 0%)

(2) Number of shares to be transferred and consideration for same: 20,328 shares (ownership percentage: 66%) (9,240 million yen [*])

(3) Number of shares owned after transfer: 20,328 shares (ownership percentage: 66%)

*Note: Consideration for this transfer is based on financial figures of the companies being transferred, including NDS, as of December 31, 2019. The ultimate transfer consideration may be adjusted *ex post facto* based on the financial figures at the time of transfer.

6. Schedule

(1) Contract signing date: March 25, 2020

(2) Share transfer date: July, 1, 2020 (scheduled)

The date is subject to change according to progress of Competition Law Permit etc.

7. Future Prospects

The impact of this transaction on consolidated performance is minor.

End