

February 5, 2021

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

(Progress Disclosure) Notice of Corporate Spin-Off of the Camera Module 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 Camera Module 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 April 1, 2021.

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 Camera Module 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: February 5, 2021

Establishment of Subsidiary Companies: February 9, 2021 (provisional)

Date of split agreement signing: February 9, 2021 (provisional)

Scheduled date of implementation (effective date): April 1, 2021 (provisional)

(2) Method of Spin-Off

Sharp Sensing Technology Corporation (“SSTC”) 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 SSTC, no Shareholders' Meeting resolution will be sought prior to the spinning off of SSTC.

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

At the time of the Absorption-type Split, SSTC 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 SSTC will accompany the Absorption type Split.

(6) Succession of Rights and Obligations to SSTC

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

(7) Outlook for Fulfillment of Obligations

An assessment of the outlook for fulfillment of obligations by the Company and SSTC 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 6.6%
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 Sensing Technology Corporation
2. Location	2613-1 Ichinomoto-cho, Tenri City, Nara 632-8567, Japan
3. Job Title and name of representative	Representative Director, Naoya Fujita
4. Business description	Planning, developing, manufacturing and sales of electronic devices (camera modules, sensor modules etc.)
5. Capitalization	100 million yen
6. Date established	February 2021 (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.

4. Overview of Businesses to be Split

1. Business description	Planning, developing, manufacturing and sales of electronic devices (camera modules, sensor modules etc.)
2. Operating results (fiscal year ended March 2020)	
Net sales	333,414 million yen
3. Assets and liabilities to be split and their book value (as of December 31, 2020)	
Current assets	31,587 million yen
Fixed assets	515 million yen
Current liabilities	397 million yen
Fixed liabilities	0 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.

Note: Book values are based on end of third quarter ended December 31, 2020 results before audit.

5. 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 the Company.

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

6. Future Outlook

The Absorption-type Split will have a small impact on the Company's consolidated performance as a result of the absorption-type split process involved in creating the subsidiary companies.

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