

December 27, 2024

To Whom It May Concern

Company Name: Sharp Corporation
Representative: Masahiro Okitsu
President Chief Executive Officer
(Code No. 6753; Prime Market of TSE)

Notice Regarding the Transfer of Sharp's Camera Module Business Thorough the Transfer of Equity Interests (Change of Consolidated Subsidiaries) and the Transfer of Assets

Sharp Corporation (hereinafter “Sharp”) hereby announces that today, Sharp has decided to transfer the equity interests of SAIGON STEC CO., LTD (hereinafter “SSTEC”) held by a Sharp's subsidiary, Sharp Sensing Technology Corporation (hereinafter “SSTC”), to Fullertain Information Technologies Ltd. – B.V.I. (hereinafter “Fullertain”), a subsidiary of Hon Hai Precision Industry Co., Ltd. (hereinafter “Hon Hai”)(hereinafter “the Transfer of Equity Interests”), and to transfer the fixed assets etc. owned by Sharp or SSTC to SSTEC (hereinafter “the Transfer of Assets”). Sharp also has entered into a Transfer contract with Fullertain (hereinafter collectively “the Transfer”).

As a result of the Transfer of Equity Interests, SSTEC will be excluded from the scope of consolidation of Sharp subsidiaries.

1. Reason of the Transfer

Sharp is advancing transformation into a business entity focused on brand businesses to aim to establish the strong brand company under the "SHARP" brand. On the other hand, regarding the device businesses, which requires significant investment burdens, Sharp is committed to carrying out structural reforms while pursuing possible collaborations with other companies.

In this situation, regarding the camera module business, Sharp has been in discussions mainly about a transfer of business to the Hon Hai group, as a partner that can support growth of the business, since they have the investment capacity and production capabilities to meet customer demands. As a result, Sharp has reached an agreement to proceed with the Transfer.

the Transfer will allow Sharp to reduce the investment burden related to the device businesses.

2. Change of Consolidated Subsidiary

(1) Outline of Changed Subsidiary (SSTC) (as of March 31, 2024)

1. Company Name	SAIGON STEC CO., LTD.
2. Location	VSIP2, Hoa Phu Ward, Thu Dau Mot City, Binh Duong Province, Vietnam
3. Job title and name of Representative	Yoshiki Yasuda, President
4. Business Activities	Manufacturing camera modules

5. Share Capital	6,100,000 USD (954 million yen)		
6. Establishment	September 10, 2007		
7. Shareholders and shareholding ratio	Sharp Sensing Technology Corporation	51%	
	S-Takaya Electronics Industry Co., Ltd.	49%	
8. Relationship with the subject company			
Capital relationship	Sharp's subsidiary, SSTC, holds 51% of the shares of the subject company.		
Personnel relationship	Sharp has seconded employees to the subject company.		
Business relationship	Sharp outsources the manufacturing of camera modules to subject company.		
9. Consolidated operating results and consolidated financial condition of the company during the last three years			
Fiscal year	23,773 thousand USD (3,718 million yen)	25,823 thousand USD (4,039 million yen)	27,056 thousand USD (4,232 million yen)
Net assets	97,628 thousand USD (15,270 million yen)	86,757 thousand USD (13,570 million yen)	90,835 thousand USD (14,208 million yen)
Net sales	111,441 thousand USD (17,430 million yen)	117,387 thousand USD (18,361 million yen)	97,613 thousand USD (15,268 million yen)
Operating profit	39 thousand USD (6 million yen)	2,693 thousand USD (421 million yen)	2,351 thousand USD (368 million yen)
Ordinary profit	(631) thousand USD ((99) million yen)	1,627 thousand USD (254 million yen)	799 thousand USD (125 million yen)
Net profit	(235) thousand USD ((37) million yen)	2,050 thousand USD (321 million yen)	1,233 thousand USD (193 million yen)

Note 1: Since SSTECH does not perform consolidated closing, the figures are non-consolidated financial results

2: Converted 1USD = 156.41 JPY. As of December 20, 2024

(2) Status of Share Ownership Before and After the Transfer of Equity Interests

1.	Percentage of shares owned before transfer	51%
2.	Percentage of shares transferred	51%
3.	Percentage of shares owned after transfer	0%

Note: The transfer price is currently undetermined as it will be based on the amount evaluated at the time of execution of the Transfer using the method specified in the contract. We will disclose once finalized.

3. Outline of Fixed Assets, etc. to be Transferred

Item	Book Value (As of End of June 2024)
Property, Plant and Equipment (Machinery and equipment, etc.)	17,335 million yen
Inventories	11,190 million yen

Note: The transfer price is currently undetermined as it will be based on the detailed contract to be concluded in accordance with this Transfer agreement. The price will be disclosed once finalized.

4. Outline of the Counterparty for the Transfer (as of March 31, 2024)

1. Company Name	Fullertain Information Technologies Ltd. – B.V.I.
2. Location	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.
3. Job title and name of representative	Chairman; CHOU, HSIEN-YING
4. Business Activities	Holding company
5. Share Capital	43,000,000 USD (6,726 million yen)
6. Establishment	October 19, 1999
7. Net assets	916,291,588 USD (143,317 million yen)
8. Total assets	916,291,588 USD (143,317 million yen)
9. Major shareholders and shareholding ratio	FOXCONN (FAR EAST) LIMITED
10. Relationship with the subject company	
Capital relationship	There is no capital relationship to be described between Sharp and the subject company. Additionally, there is no significant capital relationships between the stakeholders and affiliated companies of Sharp and the stakeholders and affiliated companies of the relevant company.
Personnel relationship	There is no personnel relationship to be described between Sharp and the subject company. Additionally, there is no significant personnel relationships between the stakeholders and affiliated companies of Sharp and the stakeholders and affiliated companies of the relevant company.
Business relationship	There is no business relationship to be described between Sharp and the subject company. Additionally, there is no significant business relationships between the stakeholders and affiliated companies of Sharp and the stakeholders and affiliated companies of the relevant company.
Applicability to related parties	The subject company is a subsidiary of Hon Hai, a Sharp's parent company. Therefore, the subject company falls under the category of a related party of Sharp. The stakeholders of the subject company do not fall under the category of a related party of Sharp.

Note: Converted 1USD = 156.41 JPY. As of December 20, 2024

5. Schedule of the Transfer

Execution Date of the Transfer contract: December 27, 2024

Closing Date of the Transfer of Equity Interest: May 30, 2025 (plan)

Closing Date of the Transfer of Assets: August 30, 2025 (plan)

Note: The details may change depending on the status of approvals and permits from relevant authorities.

6. Outlook for Fulfillment of Obligations

As a result of the Transfer, Sharp Estimates consolidated loss of 15.5 billion yen. However, this amount is not finalized as the amount includes costs and expenses such as depreciation up to the time of the closing date of Transfer. Any additional matters that need to be reported will be promptly disclosed.

7. Items Related to Transaction with Controlling Shareholder

(1) Situation

The counterparty for the Transfer, Fullertain, is a subsidiary of Hon Hai, which is a parent company of Sharp; therefore, the Transfer is applicable as a related party transaction. Sharp's policy related to measures protecting minority shareholders upon transaction with a controlling shareholder is described in its Corporate Governance Report disclosed on July 5, 2024 as follows:

- Regarding transaction with a controlling shareholder, Sharp will consider market price and its profitability as it will do in transactions with third parties, and will conduct transaction only when its necessity, validity and rationality can be determined.
- Sharp decides on whether to execute transactions etc. based on appropriate procedures considering possibility of conflict of interest based on the observation of Company Law and other related laws, and upon necessity, it will examine its necessity, validity and rationality at a special committee composed by all independent outside board members.

Since this Share Transfer is applicable as a transaction with the controlling shareholder, Sharp has confirmed that the transaction with a controlling shareholder does not lack necessity, validity and rationality during the Board of Directors meeting held on December 20, 2024 as detailed below. Following this confirmation, Sharp engaged in discussions with the counterparty based on the conditions discussed at the Board of Directors meeting, and has reached this conclusion in compliance with the above policy.

(2) Items Regarding Measures to Maintain Fairness and Avoid Conflict of Interest

In deciding on the Transfer, Sharp has obtained an appraisal from an independent third party valuation service provider. This appraisal is conducted using the DCF method, based on the market trend based business outlook provided by Sharp and the upside business outlook, assuming sufficient investment in the subject business. The cost of equity is determined as 13.016% by summing up the cost of equity calculated under Capital Assets Pricing Model (CAPM) and 6.6% size premium. Additionally, the perpetual growth rate is set at 0.5%, and sensitivity analysis is conducted with a range of 0.5%.

At the Board of Directors meeting held on December 20, 2024, Sharp provided an explanation regarding the Transfer, including the appraisal evaluation, and obtained a unanimous agreement from all six independent outside directors that the decision to proceed with the Transfer is not

detrimental to its minority shareholders.

Sharp's directors are not officers or employees of Fullertain or Hon Hai, its parent company, or its subsidiaries, and therefore there is no conflict of interest in the Transaction.

(3) Outline of the opinions acquired from persons who do not have shared interests with the controlling shareholder, with respect to the decision on the Transfer, etc. not being disadvantageous to the minority shareholders

As mentioned above, at the Board of Directors meeting held on December 20, 2024, the executive directors provided an overview of the necessity, validity and rationality of the Transfer including the general outlook of camera module business, along with the appraisal results obtained from an independent third party as a reference for the transfer amount. It is indicated that by executing this Transaction, the investment burden and business risks associated with continuing those businesses would be mitigated, thereby allowing Sharp to concentrate on the brand businesses. It was also explained that the Transfer is reasonable based on the appraisal results obtained from an independent third party.

In response to these explanations, all six independent outside directors, who have no conflict of interest as described in (2), expressed no dissent regarding the explanations. Therefore, the decision regarding the Transfer is not lacking in necessity, validity and rationality, and it does not infringe the merit of minority shareholders.

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