

[Translation based on material released on Tokyo Stock Exchange – Official version in Japanese only]

April 23, 2025

To Whom It May Concern

Company Name: Sharp Corporation
Representative: Masahiro Okitsu
President Chief Executive Officer
(Code No. 6753; Prime Market of TSE)
Inquiries: Ken Tajima
Public Relations
(Telephone: +81-50-5213-6795)

Notice regarding the business succession to subsidiary through corporate split and the change of consolidated subsidiaries (share transfer)

Sharp Corporation (hereinafter “Sharp”) hereby announces that Sharp has decided to transfer the shares of Sharp Fukuyama Laser Co., Ltd. (hereinafter “SFL”), a subsidiary of Sharp, to Hon Yuan International Investment Co., Ltd. (hereinafter “Hon Yuan”), a subsidiary of Hon Hai Precision Industry Co., Ltd. (hereinafter “Hon Hai”) (hereinafter “Share Transfer”) today. Prior to the Share Transfer, Sharp will transfer the rights and obligations related to certain laser business and semiconductor business that SFL operates (hereinafter “SFL business”) to SFL through a company split (absorption-type split, hereinafter “the Company Split”). (together with this Share Transfer “the Transaction”)

After this Share Transfer, SFL and P.T. Sharp Semiconductor Indonesia (hereinafter “SSI”), a subsidiary of SFL, will be excluded from the scope of consolidation of Sharp.

Since this is an absorption-type split into a wholly-owned subsidiary, certain disclosure matters and content are omitted.

I. Reason of the Transaction

In the Medium-Term Management Direction announced last May, Sharp outlined its commitment to proceed the asset-light initiatives of the device sector and to transform into a business entity focused on its brand business. To achieve this, Sharp held discussions with Hon Hai, accelerating its expansion in the semiconductor field, and Sharp received a proposal from Hon Hai for Hon Yuan to acquire all shares of SFL held by Sharp.

This proposal allows Sharp to focus its resources on its brand business, and aligns with Sharp's basic policy and, at the same time, allows SFL to shift its business toward higher value-added product categories by joining the Hon Hai group.

In this manner, Sharp has determined that this is beneficial for both Sharp and SFL, and therefore, decided to accept the proposal from Hon Hai, and to implement this Transaction.

II. Outline of the Company Split

1. Summary of the Company Split

(1) Schedule

Date of corporate split contract: April 23, 2025

Implementation date (effective date): July 1, 2025 (plan)

(2) Method of Company Split

In this Company Split, SFL as the successor company will succeed the business described in (6) below from Sharp as the splitting company. Sharp plans to implement the Company Split as a simplified absorption-type split as defined in Article 784, Paragraph 2 of the Companies Act, while SFL will conduct it as a short form company split as defined in Article 796, Paragraph 1 of the Companies Act. Therefore, both companies will be executing the Company Split without holding shareholders' meetings.

(3) Contents of Allocation in the Company Split

In relation to the Company Split, there will not be any allocation of shares or transfer of cash or other assets from SFL to Sharp.

(4) Handling of stock options and convertible bonds with stock options in relation to the Company Split

There will be no change in stock options and convertible bonds with stock options.

(5) Capital increase or decrease in relation to the Company Split

There will be no increase or decrease in the capital of Sharp and SFL.

(6) Rights and Obligations to be succeeded to SFL

The assets, liabilities, contracts, and other rights and obligations related to the SFL business will be succeeded within the scope stipulated in the absorption-type split agreement signed between Sharp and SFL.

(7) Outlook for Fulfillment of Obligations

It is determined that there is no issue in the outlook for fulfillment of obligations by Sharp and SFL.

2. Overview of Participants in the Absorption-type Split

(1) Splitting Company (as of March 31, 2024)

1. Company Name	Sharp Corporation
2. Location	1 Takumi-cho, Sakai-ku, Sakai, Osaka, Japan
3. Job title and name of representative	Masahiro Okitsu, Representative President CEO
4. Business Activities	Manufacture and sales of telecommunications equipment, electrical and electronic equipment, and electronic components
5. Share Capital	5 billion yen
6. Establishment	May 1935
7. Number of shares issued	650,406,538
8. Fiscal year-end	March 31

9.	Major shareholders and shareholding ratio (as of September 30, 2024)	Hon Hai Precision Industry Co., Ltd. 22.32% SIO International Holdings Limited 13.23% Foxconn (Far East) Limited 11.81% Foxconn Technology Pte. Ltd. 9.96%
10.	Consolidated operating results and financial condition of the company in the previous fiscal year (fiscal year ended March 2024)	
	Net assets	157,424 million yen
	Total assets	1,590,032 million yen
	Net asset per share	219.35 yen
	Net sales	2,321,921 million yen
	Operating profit	(20,343) million yen
	Ordinary profit	(7,084) million yen
	Profit Attributable to Owners of Parent	(149,980) million yen
	Income per Share	(230.99) yen

(2) Succeeding Company

Please refer to "1. Outline of Transferred Subsidiary (1) SFL " in the following section " III. Outline of this Share Transfer."

3. Overview of the Businesses to be Split

1.	Business description	Semiconductor and Laser Business
2.	Operating results (fiscal year ended March 2024)	
	Net sales	33,029 million yen
3.	Assets and liabilities to be split and their book value (as of December 31, 2024)	
	Current assets	20 million yen
	Fixed assets	9,037 million yen
	Current liabilities	20 million yen

Note: "Assets and liabilities to be split and their book value" are based on the planned assets and liabilities as of December 31, 2024, and are subject to change until the effective date.

4. 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.

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

III. Outline of this Share Transfer

1. Outline of Transferred Subsidiaries

(1) SFL (as of March 31, 2024)

1.	Company Name	Sharp Fukuyama Laser Co., Ltd.
2.	Location	1 Asahi, Daimon-cho, Fukuyama City, Hiroshima Prefecture, Japan

3.	Job title and name of Representative	Tsai Cheng Mao, Representative Director		
4.	Business Activities	Planning, development, production and sales of Laser diode Foundry Services		
5.	Share Capital	30 million yen		
6.	Establishment	January 2019		
7.	Major shareholders and shareholding ratio	Sharp Corporation 100%		
8.	Relationship with the subject company			
	Capital relationship	Sharp holds 100% of the shares of the relevant company.		
	Personnel relationship	Sharp has seconded employees to the relevant company.		
	Business relationship	Sharp has transactions related to laser diode, semiconductors, and semiconductor application devices with the relevant company.		
9.	Consolidated operating results and consolidated financial condition of the company during the last three years			
	Fiscal year	Ended March 2022	Ended March 2023	Ended March 2024
	Net assets	11,697 million yen	9,288 million yen	10,539 million yen
	Total assets	27,398 million yen	20,311 million yen	21,860 million yen
	Net asset per share	9.75 million yen	7.74 million yen	8.78 million yen
	Net sales	36,500 million yen	37,173 million yen	33,029 million yen
	Operating profit	918 million yen	(2,063) million yen	607 million yen
	Ordinary profit	845 million yen	(2,337) million yen	1,500 million yen
	Net profit	771 million yen	(2,409) million yen	1,251 million yen
	Net income per share	0.64 million yen	(2.00) million yen	1.04 million yen

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

(2) SSI (as of March 31, 2024)

1.	Company Name	P.T. Sharp Semiconductor Indonesia
2.	Location	Karawang International Industrial City KIIC, Lot F-3 Karawang 41361 West Java, Indonesia
3.	Job title and name of representative	Ridwan Walangadi, Representative Director
4.	Business Activities	Production and sales of Laser diode
5.	Share Capital	26,329,000 USD (3,948 million yen)
6.	Establishment	August 1995
7.	Major shareholders and shareholding ratio	Sharp Fukuyama Laser Co., Ltd. 99.16%

8. Relationship with the subject company

Capital relationship	Sharp holds 99.16% of the shares through its subsidiary SFL.
Personnel relationship	Sharp dispatches one board member through its subsidiary SFL.
Business relationship	Sharp consigns production of Laser diode through its subsidiary.

9. Consolidated operating results and consolidated financial condition of the company during the last three years

Fiscal year	Ended March 2022	Ended March 2023	Ended March 2024
Net assets	31,201 thousand USD (4,679 million yen)	29,443 thousand USD (4,415 million yen)	31,441 thousand USD (4,715 million yen)
Total assets	37,447 thousand USD (5,615 million yen)	36,020 thousand USD (5,401 million yen)	38,343 thousand USD (5,750 million yen)
Net asset per share	1.19 USD (178 yen)	1.12 USD (168 yen)	1.19 USD (179 yen)
Net sales	35,869 thousand USD (5,379 million yen)	25,111 thousand USD (3,765 million yen)	34,866 thousand USD (5,228 million yen)
Operating profit	(469) thousand USD ((70) million yen)	330 thousand USD (49 million yen)	1,875 thousand USD (281 million yen)
Ordinary profit	(537) thousand USD ((81) million yen)	584 thousand USD (88 million yen)	2,641 thousand USD (396 million yen)
Net profit	(1,744) thousand USD ((262) million yen)	(2,104) thousand USD ((315) million yen)	1,970 thousand USD (295 million yen)
Net income per share	(0.07) USD ((10) yen)	(0.08) USD ((12) yen)	0.07 USD (11 yen)

Note 1: Converted 1USD = 149.95 JPY. As of March 31, 2025

2: Since SSI does not perform consolidated closing, the figures are non-consolidated financial results

2. Outline of the Counterparty for this Share Transfer (as of March 31, 2025)

1. Company Name	Hon Yuan International Investment Co., Ltd.
2. Location	15F., No. 207-1, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City, Taiwan, R.O.C.
3. Job title and name of representative	De-cai Huang, Chairman
4. Business Activities	General Investment
5. Share Capital	5,392,511,920 TWD (24,266 million yen)
6. Establishment	November 1997
7. Net assets (as of December 31, 2023)	6,242,946,687 TWD (28,093 million yen)
8. Total assets (as of December 31, 2023)	6,350,751,937 TWD (28,578 million yen)

9.	Major shareholders and shareholding ratio	Hon Hai Precision Industry Co., Ltd. 100%
10.	Relationship with the subject company	
	Capital relationship	There is no capital relationship to be described between Sharp and the relevant 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 relevant 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 relevant 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 relevant company is a subsidiary of Hon Hai Precision Industry. Therefore, the relevant company falls under the category of a related party of Sharp. The stakeholders of the relevant company do not fall under the category of a related party of Sharp.

Note1: Converted 1TWD = 4.5 JPY. As of March 31, 2025

3. Status of Share Ownership Before and After the Share Transfer

1.	Number of shares owned before transfer	100%
2.	Number of shares transferred	100%
3.	Transfer amount	15,500 million yen
4.	Number of shares owned after transfer	0%

4. Schedule

(1) Contract signing date: April 23, 2025

(2) Share Transfer date: September 29, 2025 (plan)

Note: The final schedule depends on the status and progress of obtaining approvals from competition authorities and other government agencies in each country and region.

5. Future Prospects

The consolidated profit and loss related to this Transaction is estimated to be a loss of approximately 5.1 billion yen.

6. Items Related to Transaction with Controlling Shareholder

(1) Situation

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

- Regarding transaction with controlling shareholder, Sharp will consider market price and its profitability as it will in transactions with third parties, and will only conduct transaction when its necessity, validity and rationality can be determined.
- Sharp decides on executing transactions etc. based on appropriate procedures considering possibility of conflict of interest based on 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 have confirmed that the transaction with the controlling shareholder does not lack necessity, validity and rationality during the Board of Directors meetings held on December 20, 2024, and March 19, 2025, as detailed below. In addition, a board resolution was made to delegate the decision regarding this Transaction to representative director Okitsu. Following this confirmation, Sharp engaged in discussions with the counterparty based on that content and have reached this decision based on the decision of its compliance to the above policy.

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

In deciding on this Share Transfer, Sharp has obtained an appraisal from an independent third party valuation service provider and has confirmed that the transfer price for this Share Transfer falls within the valuation range. Additionally, during the Board of Directors meetings held on December 20, 2024, and March 19, 2025, Sharp provided an explanation of this Transaction, obtained the opinions of the independent outside directors (Please refer to (3) below), and confirmed that it does not lack necessity, validity and rationality as a transaction with the controlling shareholder. Sharp's directors are not officers or employees of Hon Yuan or Hon Hai, its parent company, or its subsidiaries, and therefore do not constitute a 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 Transaction, etc. not being disadvantage for the minority shareholders

As mentioned above, at the Board of Directors meeting held on December 20, 2024, the executive directors provided an explanation regarding the future outlook for the laser and semiconductor businesses. They indicated that by executing this Transaction, the investment burden and business risks associated with continuing those businesses would be mitigated, thereby facilitating a focus on its policy of concentrating on the brand business. They also presented the results obtained from an independent third party's assessment, confirming that this Share Transfer does not lack necessity, reasonableness, or appropriateness. The Board of Directors approved the policy regarding this Share Transfer. Subsequently, after discussions with Hon Hai, Sharp explained the results of the review of the business outlook for SFL, taking the current situation into account, at the Board of Directors

meeting held on March 19, 2025. Sharp reiterated that the early execution of this Share Transfer aligns with its policy of focusing on brand business, indicating that the decision regarding this Share Transfer is not disadvantageous to minority shareholders. 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. They expressed supportive opinions, indicating that it is desirable to execute the Share Transfer early and without delay within the range of the valuation results from an independent third party, confirming that the decision regarding this Share Transfer does not infringe the merit of minority shareholders.

End