

July 19, 2024

Company Name: Sharp Corporation
Representative Director: Masahiro Okitsu
President & Chief Executive Officer
(Code No. 6753)

Notice Regarding the Acquisition of Fixed Asset

Sharp Corporation (“Sharp”) announces its decision to acquire Intangible fixed asset (telecommunication related patents) from FG Innovation Company Limited (“FGI”).

1. Reason for acquisition

Sharp continues to be a provider of new mobile devices that leads the industry, while aggressively pursuing research and development and patent application in wireless telecommunication technology and network related fields, including W-CDMA^{*1}, LTE, LTE-Advanced, and 5G for more than two decades. As a result, Sharp owns over 6,000 essential patents in over 50 countries while utilizing these as important management resource.

The decision of acquiring FGI’ telecommunication related patents related to 4G/5G SEPs^{*2} etc. (“the Patents”) was made to strengthen Sharp’s management resource, especially its profitability through patents and cost reduction.

Strengthening standard patents related to wireless telecommunication and network is an extremely important corporate management strategy in creating new markets and securing superiority in business. Sharp will continue to utilize the Patents to accelerate its enforcement in patent force.

*1 Wideband Code Division Multiple Access. A third-generation mobile communication system technology.

It is followed by fourth-generation LTE (Long Term Evolution) and fifth-generation 5G.

*2 Standard Essential Patents.

2. Details of acquired asset

- Name of asset: telecommunication related patents
- Amount for acquisition: Non-disclosed due to confidentiality clauses

3. Outline of the applicable company

(1)	Name	FG Innovation Company Limited
(2)	Location	Units 23, 26/F Tuen Mun Central Square 22 Hoi Wing Road, Tuen Mun, New Territories, Hong Kong
(3)	Job title and name of representative	Director, Jung Yi Lin
(4)	Business Activities	IP management company
(5)	Share Capital	28,384 thousand USD

		(4,574 million yen. 1USD = 161.14 conversion as of June end rate)	
(6)	Establishment	February 2018	
(7)	Net assets	719 thousand USD (116 million yen. 1USD = 161.14 conversion as of June end rate)	
(8)	Total assets	1,170 thousand USD (189 million yen. 1USD = 161.14 conversion as of June end rate)	
(9)	Major shareholders and shareholding ratio	Foxconn Precision Industry Co. 100%	
(10)	Relationship with the applicable company	Capital relationship	There is no capital relationship to be described between Sharp and the applicable company. Foxconn Precision Industry Co. ^{*3} , Sharp's parent company, owns 100% of its shares indirectly.
		Personnel relationship	There is no personnel relationship to be described between Sharp and the applicable company.
		Business relationship	There is no business relationship to be described between Sharp and the applicable company.
		Applicability to related parties	The applicable company is a subsidiary of Foxconn Precision Industry Co. who is the parent company of Sharp, thus is applicable as a related party.

*3 The judgment that Foxconn Precision Industry Co. is applicable as Sharp's parent company and other as applicable company is based on the facts following Japanese laws and regulations and accounting standards understood by Sharp. These judgements are not based on laws and regulations and accounting standards outside of Japan.

4. Schedule

- Date of Decision: July 19, 2024
- Contract Date: July 19, 2024
- Acquisition Date: July 19, 2024

5. Future prospects

The impact of this transaction on consolidated performance is already considered as depreciation expense and is minor.

6. Subjects related to transaction etc. with controlling shareholder

(1) Applicability with policy of protection of minority shareholders of transaction etc. with controlling shareholder and compatibility with policy of protection of minority shareholders

Foxconn Precision Industry Co., Sharp's parent company, indirectly owns 100% of FGI shares, making acquisition of the Patents from FGI applicable to transaction etc. with controlling shareholder. Sharp's Policy of Protection of Minority Shareholders Upon Transaction etc. with Controlling Shareholder, as described in its Corporate Governance Report disclosed on July 5, is as follows:

- Regarding transactions, etc. with controlling shareholders, as with transactions with third parties, this will only be executed when determined that the necessity, rationality, and

appropriateness of the transaction terms of such transactions, etc. are recognized, taking into consideration market prices, the company's profitability, etc.

- Before commencing any such transaction, etc., Sharp shall determine whether to conduct such transaction, etc. through appropriate procedures that take into account conflicts of interest and the presence or absence of interests, etc., based on the Companies Act and other related laws and regulations. Accordingly, the necessity, rationality, and appropriateness of the transaction will be examined by the Board of Directors, whose majority is made up of independent outside directors.

Since this acquisition of the Patents is applicable as a transaction between related parties, as later described, its necessity, rationality, and appropriateness has been confirmed at its Board Meeting held on March 27, 2024, prior to the agreement, and the decision was reached after discussions with the counterpart based on this understanding, leading to the judgment the transaction is applicable to the above policy.

(2) Regarding measures to ensure fairness and to avoid conflict of interest

Sharp explained this transaction including evaluation from an independent third party at its Board Meeting held on March 27, 2024, and after hearing opinions from all four independent outside executives, its necessity, rationality, and appropriateness as a transaction between related parties has been confirmed. Also, Sharp's board members are not executives or employees of the counterpart nor its parent company Foxconn Precision Industry Co., and is not applicable as a transaction in conflict of interest. While the members of Sharp's independent outside executives have changed since the Board Meeting explained above, since the decision is based on the resolution in March, Sharp judges an additional Board resolution is unnecessary.

(3) Outline of opinions from members non-related to controlling shareholder stating the decision of the applicable transaction etc. is not disadvantageous for minority shareholders

Sharp held its Board Meeting on March 27, 2024 consisted by independent outside executives in majority (4 out of 7), explaining by purchasing the Patents including 4G/5G SEPs from FGI, Sharp's 5G SEP share etc. will increase, gaining Sharp's technological superiority, and increase in patent income surpassing the acquisition cost can be expected etc.

Against this explanation, there were no objections from all 4 independent outside executives at the Board Meeting with no conflict of interest as described in (2), with its necessity, rationality, and appropriateness were confirmed, and opinions were given it will not act as a disadvantage to minority shareholders.

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