

Fiscal 2023 Review

Sharp Corporation and Consolidated Subsidiaries for the Fiscal Year Ended March 31

The global economy remained in a difficult situation during the fiscal year mainly due to geopolitical issues, such as the situation in Ukraine and the Middle East region, high energy costs, deep-seated inflation, and other factors, despite recovery from the COVID-19 pandemic, which had previously restrained economic activities.

Amid these circumstances, during the fiscal 2023, Sharp worked to return to profitability for the full fiscal year by conducting a fundamental review of our loss-making businesses, developing high-value-added products and services, creating new products, and strengthening our overseas businesses, in response to the fact that Sharp posted a significant loss in the previous fiscal year.

However, due to an abrupt decline in demand for small- and medium-size displays, we faced extreme difficulties in achieving a full-year company-wide turnaround. In addition, the consumer spending has shifted from the nesting demand to travel and eating out, resulting in weak demand for consumer electronics and other products. The brand businesses, which import products manufactured at overseas factories, and sell them in Japan, were negatively affected by the weakening yen.

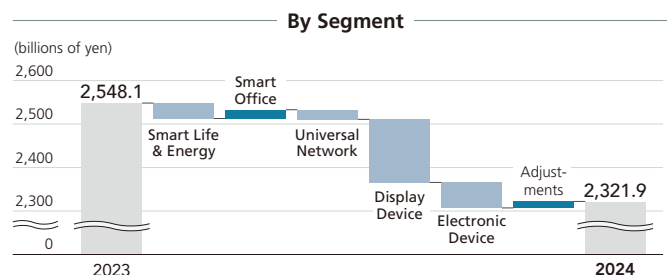
Consolidated net sales for fiscal 2023 amounted to 2,321.9 billion yen, down 8.9% year on year. Sales in Smart Life & Energy, Universal Network, Display Device, and Electronic Device decreased, despite an increase in Smart Office sales.

Operating loss narrowed to 20.3 billion yen, compared to an operating loss of 25.7 billion yen in the previous fiscal year. Smart Office and Universal Network reported a significant increase in profit. However, the operating loss in Display Device increased significantly due to an abrupt deterioration in demand for small- and medium-size displays, and besides, Smart Life & Energy and Electronic Device recorded a decrease in profit. Ordinary loss was 7.0 billion yen, compared to an ordinary loss of 30.4 billion yen in the previous fiscal year. Loss attributable to owners of the parent amounted to 149.9 billion yen, compared to a loss attributable to owners of the parent of 260.8 billion yen in the previous fiscal year. As non-operating income, we recorded foreign exchange gains of 13.3 billion yen and share of profit of entities accounted for using equity method of 8.3 billion yen. In addition, as extraordinary income, we recorded a gain on change in equity of 4.2 billion yen and a gain on reversal of liabilities of 4.8 billion yen as a result of the decrease in the ownership interest in SDP Global (China) Co., Ltd., an equity-method affiliate of Sakai Display Products Corporation, while we recorded extraordinary losses including impairment losses of 122.3 billion yen related to Display Device and business restructuring expenses of 11.7 billion yen.

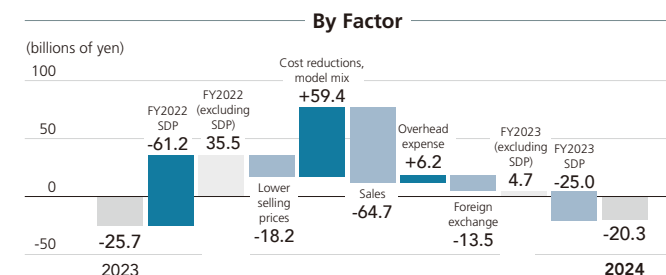
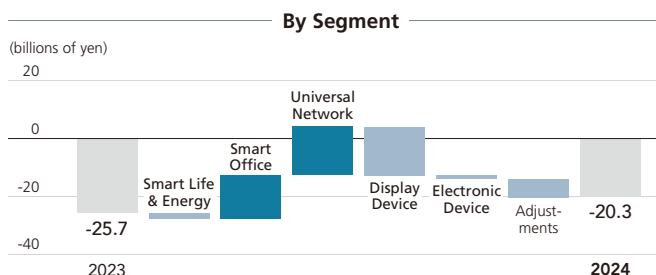
Sharp decided there would be no dividend payment for fiscal 2023, as the Company posted a net loss for this period.

- The global economy remained challenging due to geopolitical issues, deep-seated inflation, and other factors, despite recovery from the COVID-19 pandemic
- Extremely challenging business environment due to an abrupt decline in demand for small- and medium-size displays
- Net sales declined year on year due to a significant decrease in sales from Display Device and other segments
- Operating and ordinary losses persisted due to weak performance in Display Device; however, losses narrowed due to improved profitability in the brand businesses
- Significant net loss during the period due to impairment losses in Display Device and other factors
- No dividend payment for fiscal 2023 due to net loss

Analysis of Changes in Net Sales



Analysis of Changes in Operating Profit



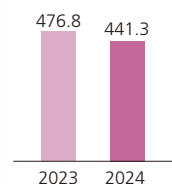
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Sales, Segment Income by Segment

Brand Businesses

Smart Life & Energy

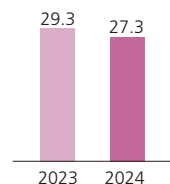
Sales (billions of yen)



Sales decreased in the white goods business, mainly due to sluggish market conditions for cooking appliances, vacuum cleaners, and washing machines, despite higher sales for air conditioners overseas. Sales declines in the energy solutions business due to sluggish market conditions in EPC, despite sales growth for domestic residential products.

Refrigerators, superheated steam ovens, microwave ovens, small cooking appliances, air conditioners, washing machines, vacuum cleaners, air purifiers, electric fans, dehumidifiers, humidifiers, electric heaters, Plasmacluster ion generators, beauty appliances, LED lightings, electronic dictionaries, calculators, telephones, network control units, solar cells, storage batteries, face masks, etc.

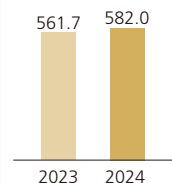
Segment Income (billions of yen)



Profit declined due to lower sales and significant impacts from the weakening yen, despite efforts to reduce costs, cut expenses, and enhance value-added offerings.

Smart Office

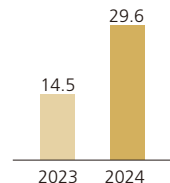
Sales (billions of yen)



Sales increased in the business solutions business due to strong growth in MFPs and office solutions. Sales also increased in the PC business due to strong sales of premium models for enterprise customers.

Digital MFPs (multi-function printers), information displays, commercial projectors, POS system equipment, FA equipment, options and consumables, office-related solutions services, software, PCs, etc.

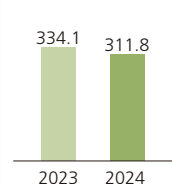
Segment Income (billions of yen)



Profit increased mainly due to increased sales, steady tangible effects of structural reforms, the advancement of value-added offerings in the PC and office solutions businesses.

Universal Network

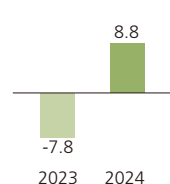
Sales (billions of yen)



Sales decreased in the TV business due to sluggish market conditions. Sales also decreased in the mobile communication business due to weak market conditions in Japan.

Televisions, Blu-ray disc recorders, audio equipment, mobile phones, tablet devices, routers, etc.

Segment Income (billions of yen)

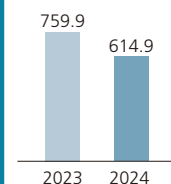


Although sales declined, the segment returned to profitability. This was mainly due to the effects of structural reforms and progress in high value-added offerings. Other factors include the one-time income recorded in the mobile communication business.

Device Businesses

Display Device

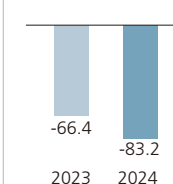
Sales (billions of yen)



Sales from large-size displays increased. Meanwhile, sales in small- and medium-size displays decreased due to lower sales for smartphones, PCs, and tablets, despite increased sales for automotive applications.

Display modules, automotive cameras, etc.

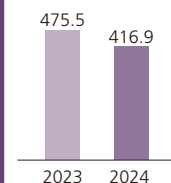
Segment Income (billions of yen)



The segment posted significant loss. While profitability in the large-size display business improved, profitability in the small- and medium-size display business worsened due to lower sales.

Electronic Device

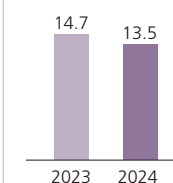
Sales (billions of yen)



Sales declined due to fluctuations in customer demand for certain devices. Other factors include a decrease in LCD driver sales caused by weakened display demand.

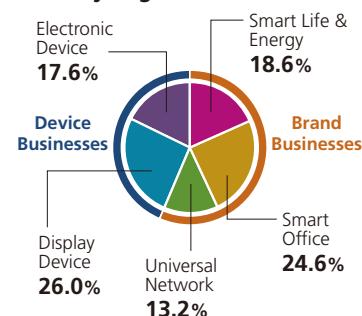
Camera modules, sensor modules, optical sensors, optical devices, CMOS imagers, wafer foundries, laser diodes, etc.

Segment Income (billions of yen)



Profit decreased due to lower sales, despite efforts to reduce expenses.

Sales by Segment



- Sales figures include internal sales between segments. The percentage of sales in pie charts has been calculated accordingly.
- Segment income figures are the amounts before adjustments for intersegment transactions.
- Effective from the consolidated fiscal year ended March 31, 2024, Sharp has reclassified five segments, consisting of Smart Life, 8K Ecosystem, ICT, Display Device, and Electronic Device into five segments, consisting of Smart Life & Energy, Smart Office, Universal Network, Display Device, and Electronic Device. Figures for the fiscal year ended March 31, 2023, have been adjusted to reflect the new classification.