

Consolidated Financial Results for the First Quarter, Fiscal 2020

- I . Consolidated Financial Results
for the First Quarter, Fiscal 2020
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for Fiscal 2020
 - III . Supplementary Data
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SHARP CORPORATION

August 5, 2020

Forward-Looking Statements

This presentation contains certain statements about the future plans, strategies, and performance of Sharp Corporation and its consolidated subsidiaries (“the Company” or “Sharp”). Statements not based on historical or present facts are assumptions and estimates based on information available at the time. Future plans, strategies, and performance are subject to known and unknown risks, uncertainties, and other factors. Actual performance, business activities, and financial position may differ materially from the assumptions and estimates provided herein due to risks, uncertainties, and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events, or other factors. Risks, uncertainties, and other matters that could affect actual results include, but are not limited to, the following factors:

- (1) The economic conditions in which Sharp operates
- (2) Sudden, rapid fluctuations in demand for Sharp products and services, as well as intensified price competition
- (3) Exchange rate fluctuations (particularly between the yen and the U.S. dollar, the euro, and other currencies)
- (4) Regulations, including trade restrictions with other countries
- (5) The progress of collaborations and alliances with other companies
- (6) Litigation and other legal proceedings against Sharp
- (7) Rapid technological changes in products and services, etc.

*Amounts less than 100 million yen shown in this presentation material have been rounded down.

*Year-on-year change has been calculated based on 100 million yen units. Percentage change has been calculated based on actual figures.

I . Consolidated Financial Results for the First Quarter, Fiscal 2020

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Consolidated Financial Results for the First Quarter, Fiscal 2020 (1)

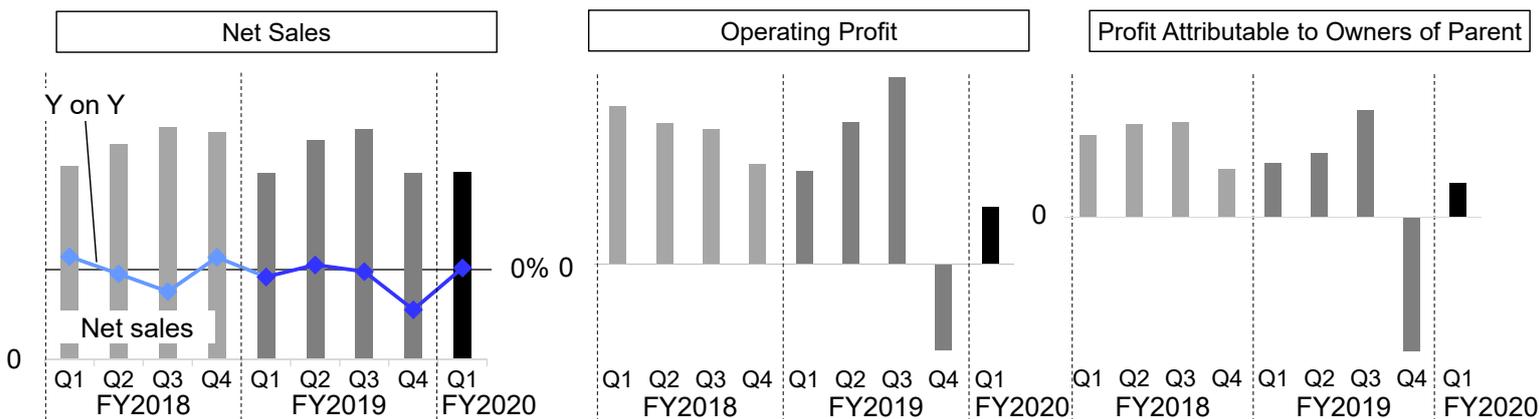
- While COVID-19 has had an impact on sales, our supply chain for production centers in China and elsewhere have returned to normal in general
- Q1, FY2020 net sales and profit outperformed Q4, FY2019 securing positive bottom-line profit
- With the exception of Business Solutions, which was impacted significantly by COVID-19 in terms of sales, performance in every business recovered steadily

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Consolidated Financial Results for the First Quarter, Fiscal 2020 (2)

| | FY2019 | | | | (Billions of Yen) FY2020 | | Impact of CV-19 |
|--|----------------|----------------|----------------|------------------|-----------------------------|--------|--------------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Y on Y | |
| Net Sales | 514.9 | 605.6 | 634.9 | 515.6 | 517.2 | +0.4% | -59.0 |
| Operating Profit | 14.6 (2.8%) | 22.3 (3.7%) | 29.4 (4.6%) | -13.6 (-2.6%) | 9.0 (1.8%) | -37.8% | -16.0 |
| Ordinary Profit | 13.9 (2.7%) | 19.1 (3.2%) | 31.0 (4.9%) | -8.5 (-1.7%) | 7.7 (1.5%) | -44.1% | -16.0 |
| Profit Attributable to Owners of Parent | 12.5 (2.4%) | 14.8 (2.5%) | 25.0 (3.9%) | -31.4 (-6.1%) | 7.9 (1.5%) | -36.6% | -16.0 |
| Avg. Exchange Rate | | | | | | | |
| USD/JPY | 108.90 | 106.35 | 107.76 | 107.94 | 106.62 | | |
| Euro/JPY | 121.99 | 117.84 | 118.82 | 118.62 | 116.97 | | |

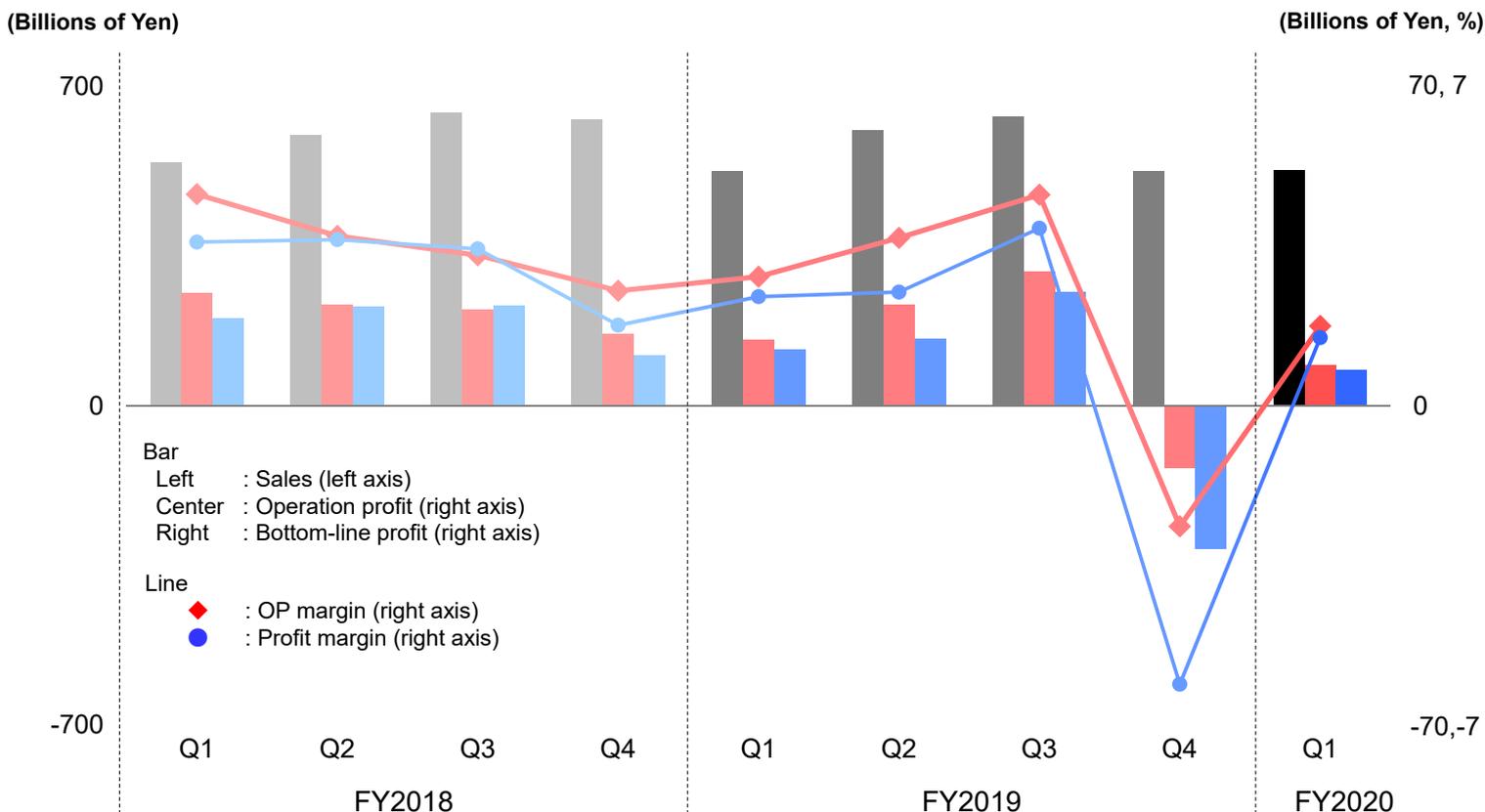


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Consolidated Financial Results for the First Quarter, Fiscal 2020 (3)

• Performance improvement, rebounding from Q4, FY2019.
Operating profit and bottom-line profit swung to positive

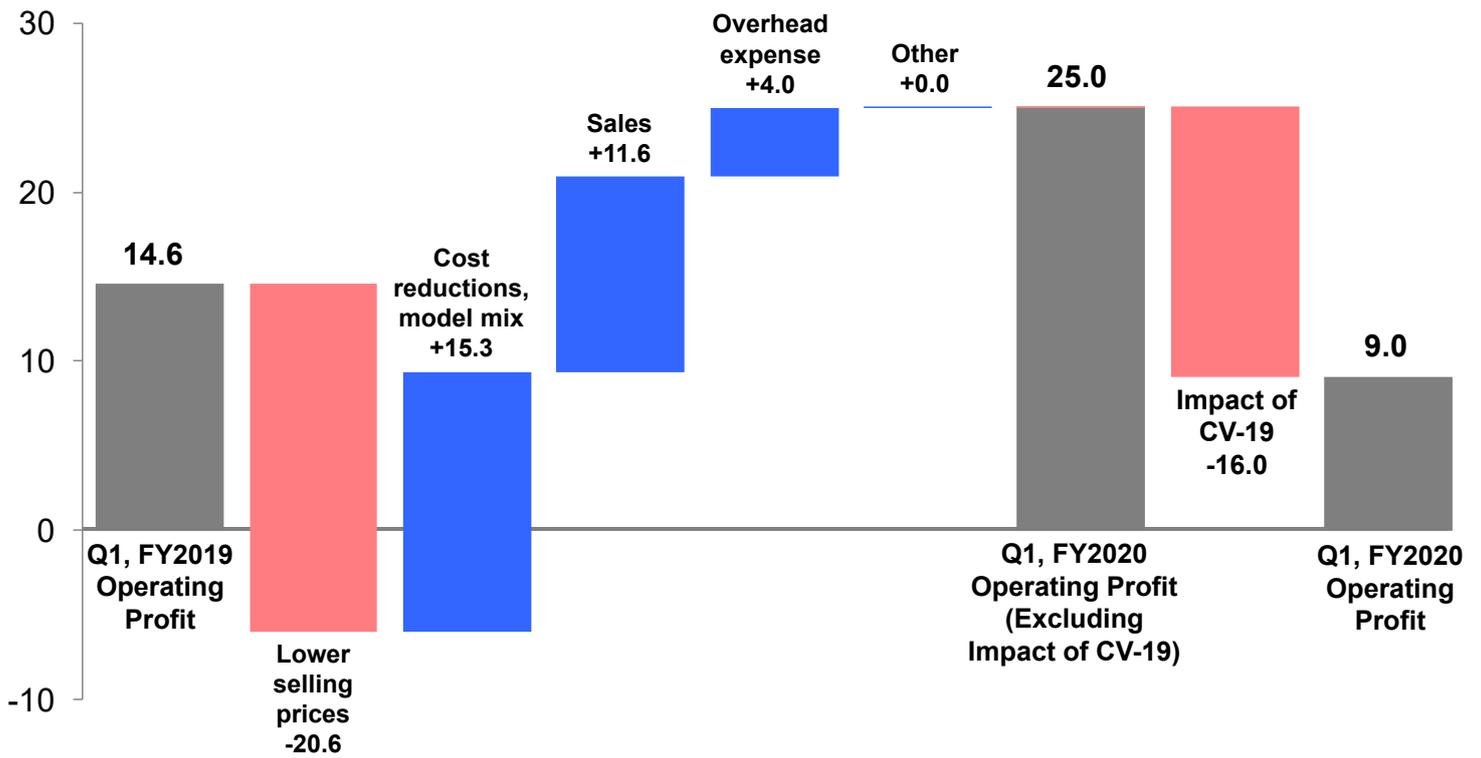


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Operating Profit Analysis : Y on Y Change Factors for the First Quarter, Fiscal 2020

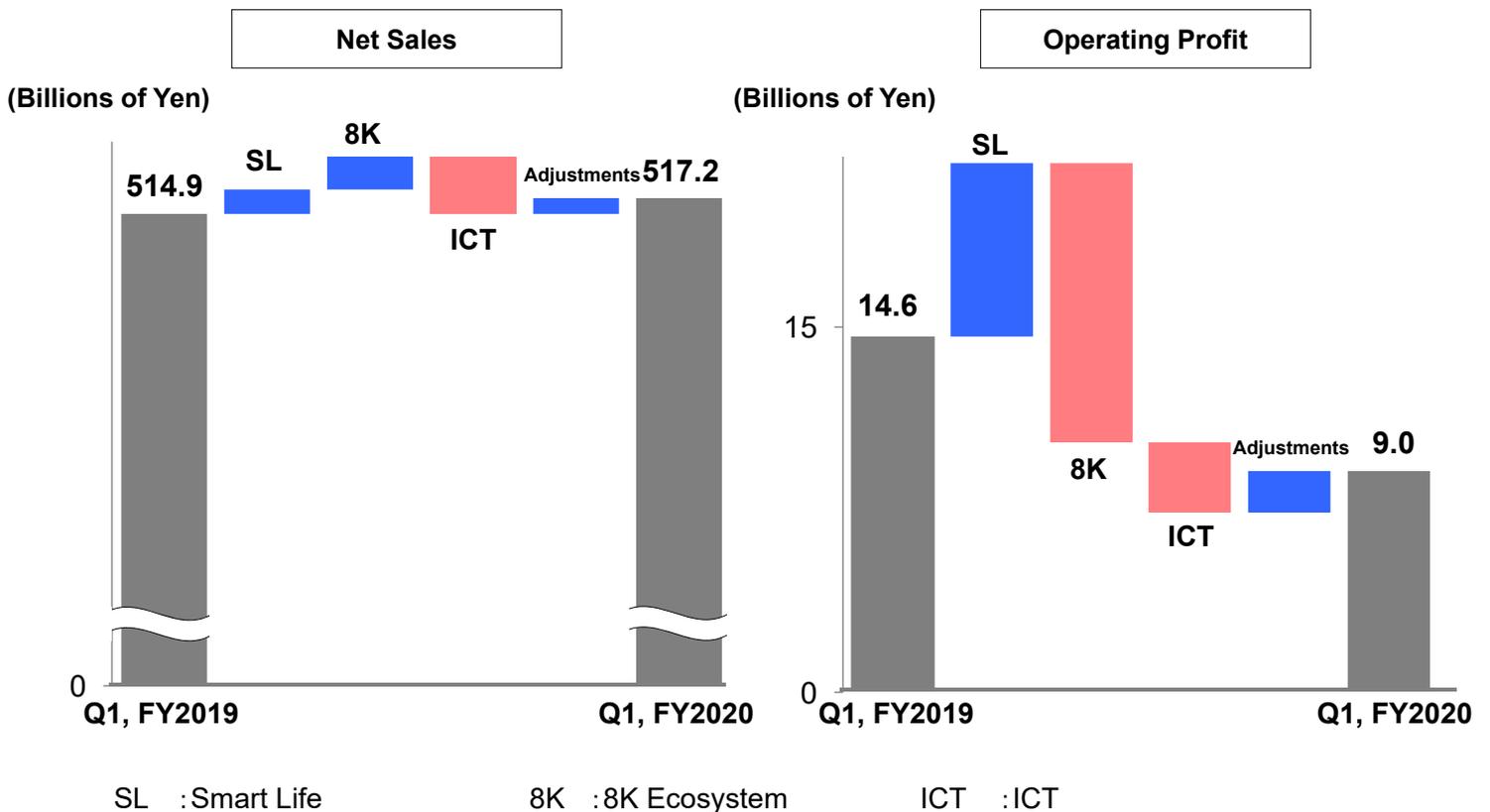
(Billions of Yen)



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Sales and Operating Profit Analysis: Y on Y Change by Segment for the First Quarter, Fiscal 2020



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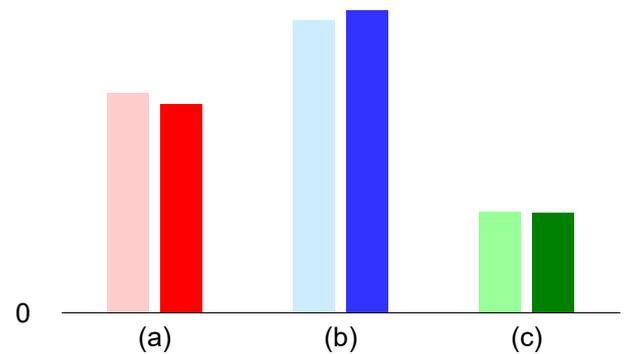
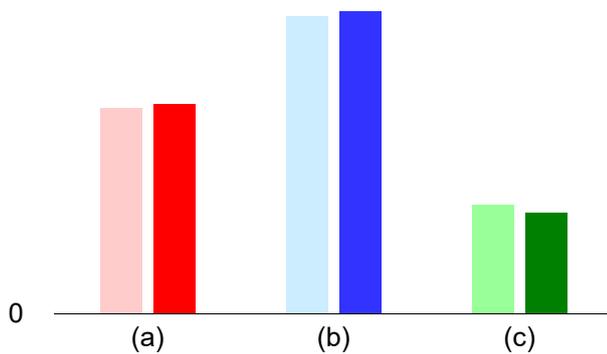
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Sales by Segment

| | (Billions of Yen) | | | | | | Impact of CV-19 |
|--------------------|-------------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| | FY2019 | | | | FY2020 | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Y on Y | |
| (a) Smart Life | 181.0 | 233.9 | 247.6 | 193.9 | 184.5 | +1.9% | -19.0 |
| (b) 8K Ecosystem | 262.5 | 311.8 | 324.3 | 258.4 | 267.1 | +1.7% | -42.0 |
| (c) ICT | 96.2 | 83.1 | 88.3 | 89.4 | 88.3 | -8.2% | +2.0 |
| Subtotal | 539.8 | 628.9 | 660.3 | 541.8 | 539.9 | +0.0% | |
| Adjustments | -24.8 | -23.3 | -25.4 | -26.1 | -22.7 | - | |
| Total | 514.9 | 605.6 | 634.9 | 515.6 | 517.2 | +0.4% | -59.0 |

Left bar: Q1, FY2019
Right bar: Q1, FY2020

Left bar: Q4, FY2019
Right bar: Q1, FY2020



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*Sales include inter-segment sales and transfers.

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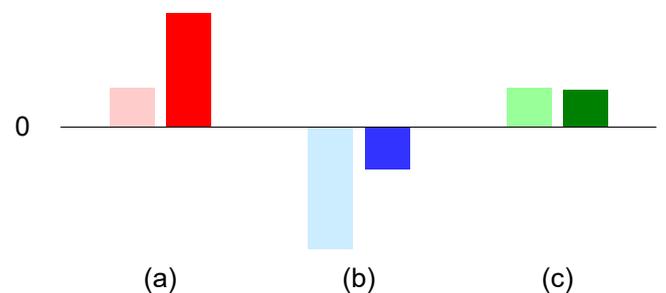
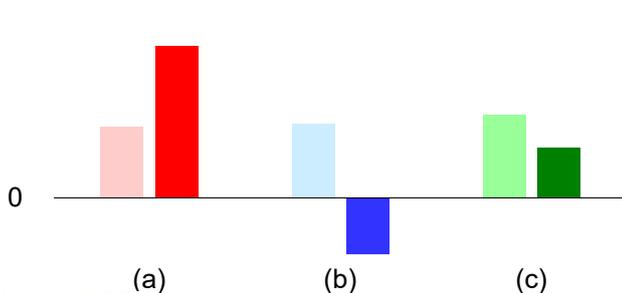
Operating Profit by Segment

*Figures within parentheses indicate operating margin. (Billions of Yen)

| | (Billions of Yen) | | | | | | Impact of CV-19 |
|--------------------|-----------------------|-----------------------|-----------------------|-------------------------|-----------------------|---------------|-----------------|
| | FY2019 | | | | FY2020 | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Y on Y | |
| (a) Smart Life | 6.2 (3.5%) | 12.3 (5.3%) | 16.4 (6.7%) | 4.6 (2.4%) | 13.4 (7.3%) | 2.1-fold | -3.0 |
| (b) 8K Ecosystem | 6.5 (2.5%) | 11.0 (3.5%) | 11.7 (3.6%) | -14.4 (-5.6%) | -4.9 (-1.9%) | - | -14.0 |
| (c) ICT | 7.3 (7.6%) | 3.7 (4.5%) | 4.4 (5.1%) | 4.5 (5.1%) | 4.4 (5.0%) | -39.4% | +1.0 |
| Subtotal | 20.1 (3.7%) | 27.2 (4.3%) | 32.7 (5.0%) | -5.1 (-1.0%) | 12.9 (2.4%) | -36.0% | |
| Adjustments | -5.5 | -4.8 | -3.2 | -8.4 | -3.8 | - | |
| Total | 14.6 (2.8%) | 22.3 (3.7%) | 29.4 (4.6%) | -13.6 (-2.6%) | 9.0 (1.8%) | -37.8% | -16.0 |

Left bar: Q1, FY2019
Right bar: Q1, FY2020

Left bar: Q4, FY2019
Right bar: Q1, FY2020



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Non-Operating Income (Expenses) / Extraordinary Income (Losses)

(Billions of Yen)

| | FY2019 | | | | FY2020 | |
|--|-------------|-------------|-------------|--------------|-------------|---------------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Difference (Y on Y) |
| Operating Profit | 14.6 | 22.3 | 29.4 | -13.6 | 9.0 | -5.6 |
| Non-operating Income (Expenses) | -0.6 | -3.1 | +1.5 | +5.0 | -1.2 | -0.6 |
| Interest expense | -1.2 | -1.0 | -1.3 | -1.0 | -1.2 | 0.0 |
| Foreign exchange gain (loss) | +0.1 | -0.7 | +1.7 | +1.8 | +2.2 | +2.1 |
| Share of profit (loss) of entities accounted for using equity method | -0.9 | -1.6 | -0.7 | -0.5 | -0.6 | +0.3 |
| Ordinary Profit | 13.9 | 19.1 | 31.0 | -8.5 | 7.7 | -6.2 |
| Extraordinary Income (Losses) | +0.0 | +0.1 | +0.2 | -17.6 | +2.5 | +2.5 |
| Loss on valuation of investment securities | - | - | - | -16.1 | - | - |
| Pretax Income | 13.9 | 19.3 | 31.3 | -26.2 | 10.3 | -3.6 |
| Income Taxes, etc. | -1.4 | -4.4 | -6.2 | -5.2 | -2.4 | -1.0 |
| Profit Attributable to Owners of Parent | 12.5 | 14.8 | 25.0 | -31.4 | 7.9 | -4.6 |

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Consolidated Balance Sheets

• Cash and deposits amounted to 236.1 billion yen, compared to a balance of 225.0 billion yen as of Mar. 31, 2020.

• Net assets rose to 297.9 billion yen, while our equity ratio rose to 15.2%

(Billions of Yen)

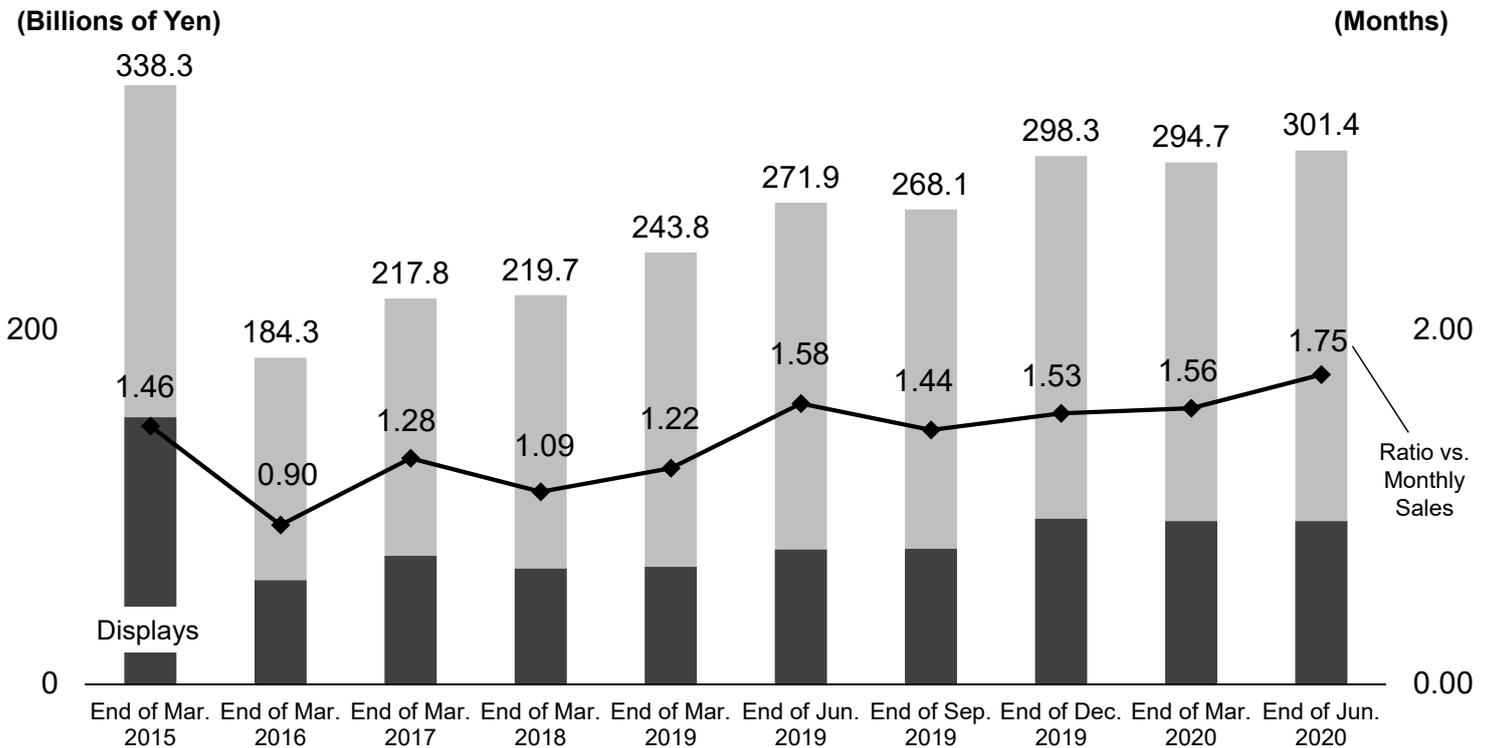
| | FY2019 | | FY2020 | | FY2019 | | FY2020 |
|---------------------------------------|----------------|----------------|----------------|---|----------------|----------------|----------------|
| | End of Dec. | End of Mar. | End of Jun. | | End of Dec. | End of Mar. | End of Jun. |
| Cash and deposits | 215.9 | 225.0 | 236.1 | Notes and accounts payable - trade | 392.7 | 349.2 | 335.3 |
| Notes and accounts receivable - trade | 511.9 | 429.1 | 414.7 | Short-term loans payable | 237.0 | 237.7 | 285.9 |
| Inventories | 298.3 | 294.7 | 301.4 | Current portion of bonds payable | 0.0 | 0.0 | 0.0 |
| Other current assets | 128.2 | 139.6 | 147.7 | Other current liabilities | 291.6 | 274.0 | 245.7 |
| Current Assets | 1,154.4 | 1,088.6 | 1,100.0 | Current Liabilities | 921.4 | 861.0 | 867.0 |
| Property, plant and equipment | 423.1 | 410.7 | 406.4 | Bonds payable | 0.0 | 0.0 | 0.0 |
| Intangible assets | 44.6 | 45.5 | 45.8 | Long-term loans payable | 539.0 | 538.7 | 536.8 |
| Investments and other assets | 308.3 | 287.4 | 285.6 | Other non-current liabilities | 134.2 | 137.4 | 136.1 |
| Non-current Assets | 776.0 | 743.7 | 737.9 | Non-current Liabilities | 673.3 | 676.1 | 672.9 |
| Deferred Assets | 0.0 | 0.0 | 0.0 | Net Assets | 335.7 | 295.1 | 297.9 |
| Total Assets | 1,930.4 | 1,832.3 | 1,837.9 | Total Liabilities and Net Assets | 1,930.4 | 1,832.3 | 1,837.9 |
| Exchange Rate, End of Period | | | | Equity Ratio | 16.3% | 15.0% | 15.2% |
| USD/JPY | 108.55 | 107.83 | 106.74 | Equity | 313.7 | 275.3 | 278.9 |
| Euro/JPY | 121.01 | 118.15 | 119.55 | | | | |

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Inventory Trends

- Inventory amounted to 301.4 billion yen, compared to a balance of 294.7 billion yen as of Mar. 31, 2020.
- Inventory levels reflect our future sales plans, etc.

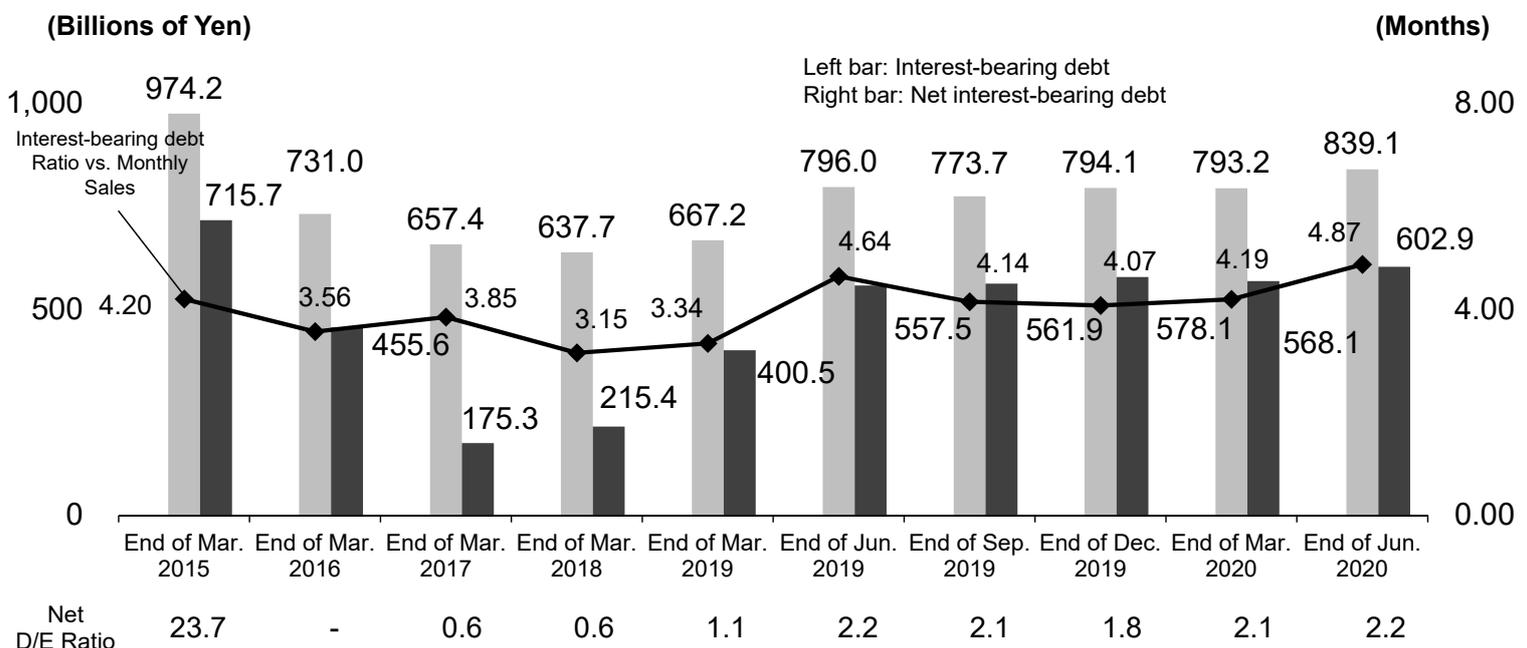


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Interest-Bearing Debt Trends

- Interest-bearing debt was 839.1 billion yen, compared to a balance of 793.2 billion yen as of Mar. 31, 2020. Interest-bearing debt to monthly sales ratio was 4.87 months, compared to 4.19 months as of Mar. 31, 2020.
- Net interest-bearing debt* was 602.9 billion yen, compared to 568.1 billion yen as of Mar. 31, 2020.



*Net interest-bearing debt: interest-bearing debt – cash and deposits

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II . Consolidated Financial Results Forecast for Fiscal 2020

Consolidated Financial Results Forecast for Fiscal 2020 (1)

- Under a new business structure, we are responding to changes stemming from COVID-19 and U.S.-China trade friction, while focusing on building a firm foundation toward our next medium-term management plan
- Our FY2020 financial results forecast assumes economic activities around the world will gradually normalize
- Our supply chain has generally normalized; if sales constraints ease, we expect to see recoveries in our core businesses
- We will continue to improve our financial condition

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Consolidated Financial Results Forecast for Fiscal 2020 (2)

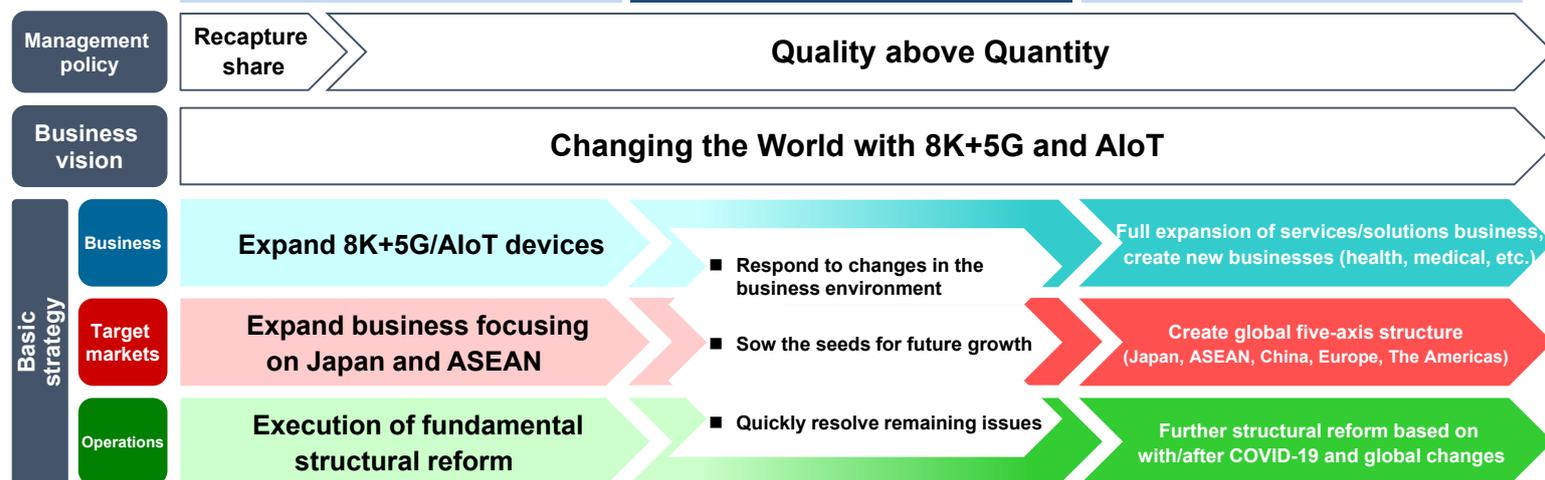
| | (Billions of Yen) | | | Impact of CV-19 |
|--|-----------------------|-------------------------|----------|--------------------|
| | FY2019 | FY2020 | | |
| | Fiscal Year | Fiscal Year Forecast | Y on Y | |
| Net Sales | 2,271.2 | 2,350.0 | +3.5% | -96.0 |
| Operating Profit (margin) | 52.7 (2.3%) | 82.0 (3.5%) | +55.4% | -28.0 |
| Ordinary Profit (margin) | 55.5 (2.4%) | 70.0 (3.0%) | +26.0% | -28.0 |
| Profit Attributable to Owners of Parent (margin) | 20.9 (0.9%) | 50.0 (2.1%) | 2.4-fold | -28.0 |
| Avg. Exchange Rate | | | | |
| USD/JPY | 107.74 | 105.00 | | |
| Euro/JPY | 119.32 | 120.00 | | |

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Approach to FY2020

In FY2020, Sharp focus on building a foundation for responding to changes in the business environment and preparing for our next medium-term management plan



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Major FY2020 Initiatives

■ Significant changes in the business environment, including lifestyles under the *new normal*

■ Leverage Sharp devices, technologies, and other resources to respond to changes in the business environment

(1) White Goods, TVs

Focus on *Hotcook*, *Healsio Deli*, and high-value-added TVs, etc., in response to stay-at-home demand. Promote the attractiveness of Plasmacluster-equipped products in response to rising health consciousness.

(2) PCs

Capture demand associated with the expansion of telework, the digitization of work processes, and the advancement of educational ICT (GIGA School Program, etc.) in Japan and overseas.

(3) Mobile Communications

Sales of 5G-compatible smartphones, routers, and tablets will grow in the second half and beyond.

(4) Business Solutions

While conditions will continue to be severe, we forecast a gradual recovery in office demand. Roll out our COCORO OFFICE and non-contact, automated solutions, etc., for demand related to telework, etc.

(5) Displays

Capture demand associated with the growth in telework and education ICT to expand medium-size panels for tablets and PCs, panels for large-scale touch displays, etc.

(6) Bolster COCORO STORE and other membership businesses.

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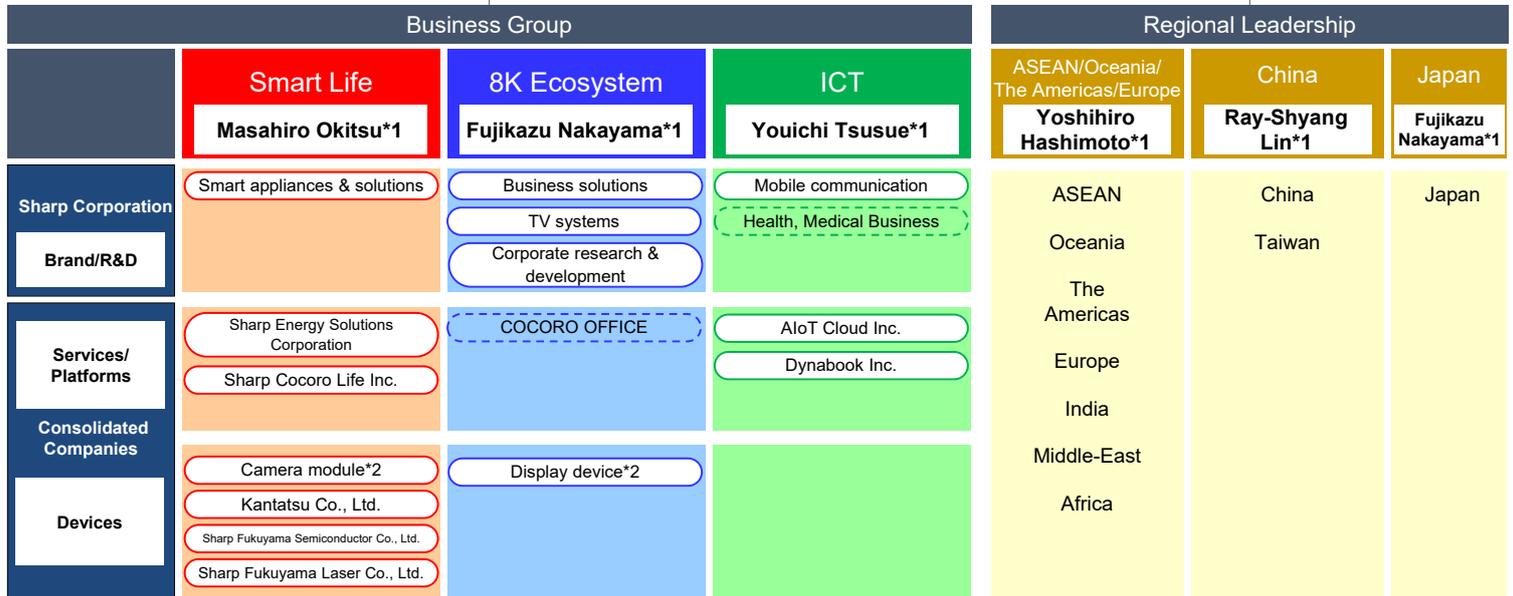
New Business Structure

Raise the comprehensive strength of *One SHARP*, establishing a strong SHARP corporate brand under a new business structure

J.W. Tai, Chairman & CEO

(As of August 5, 2020)

Katsuaki Nomura, President & COO



*1 Senior Executive Managing Officers

*2 Planned spin-off in FY2020

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III. Supplementary Data

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Consolidated Financial Results

(Billions of Yen)

| | FY2019 | | | FY2020 |
|--|----------------|----------------|----------------|----------------------|
| | First Half | Second Half | Fiscal Year | Fiscal Year Forecast |
| Net Sales | 1,120.6 | 1,150.5 | 2,271.2 | 2,350.0 |
| Operating Profit | 36.9 | 15.8 | 52.7 | 82.0 |
| (margin) | (3.3%) | (1.4%) | (2.3%) | (3.5%) |
| Ordinary Profit | 33.1 | 22.4 | 55.5 | 70.0 |
| (margin) | (3.0%) | (1.9%) | (2.4%) | (3.0%) |
| Profit Attributable to Owners of Parent | 27.3 | -6.4 | 20.9 | 50.0 |
| (margin) | (2.4%) | (-0.6%) | (0.9%) | (2.1%) |

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Consolidated Quarterly Financial Results

(Billions of Yen)

| | FY2019 | | | | FY2020 |
|--|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Net Sales | 514.9 | 605.6 | 634.9 | 515.6 | 517.2 |
| Operating Profit | 14.6 | 22.3 | 29.4 | -13.6 | 9.0 |
| (margin) | (2.8%) | (3.7%) | (4.6%) | (-2.6%) | (1.8%) |
| Ordinary Profit | 13.9 | 19.1 | 31.0 | -8.5 | 7.7 |
| (margin) | (2.7%) | (3.2%) | (4.9%) | (-1.7%) | (1.5%) |
| Profit Attributable to Owners of Parent | 12.5 | 14.8 | 25.0 | -31.4 | 7.9 |
| (margin) | (2.4%) | (2.5%) | (3.9%) | (-6.1%) | (1.5%) |

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Sales by Segment

(Billions of Yen)

| | FY2019 | | |
|--------------|------------|-------------|-------------|
| | First Half | Second Half | Fiscal Year |
| Smart Life | 415.0 | 441.5 | 856.5 |
| 8K Ecosystem | 574.4 | 582.8 | 1,157.2 |
| ICT | 179.3 | 177.8 | 357.2 |
| Subtotal | 1,168.8 | 1,202.2 | 2,371.0 |
| Adjustments | -48.1 | -51.6 | -99.8 |
| Total | 1,120.6 | 1,150.5 | 2,271.2 |

*Sales include inter-segment sales and transfers.

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Operating Profit by Segment

(Billions of Yen)

| | FY2019 | | |
|--------------|----------------|-----------------|----------------|
| | First Half | Second Half | Fiscal Year |
| Smart Life | 18.6 (4.5%) | 21.1 (4.8%) | 39.8 (4.6%) |
| 8K Ecosystem | 17.6 (3.1%) | -2.6 (-0.5%) | 14.9 (1.3%) |
| ICT | 11.0 (6.2%) | 9.0 (5.1%) | 20.1 (5.6%) |
| Subtotal | 47.3 (4.1%) | 27.5 (2.3%) | 74.9 (3.2%) |
| Adjustments | -10.4 | -11.7 | -22.1 |
| Total | 36.9 (3.3%) | 15.8 (1.4%) | 52.7 (2.3%) |

*Figures within parentheses indicate operating margin.

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Quarterly Sales by Segment

| | (Billions of Yen) | | | | |
|--------------|-------------------|-------|-------|-------|--------|
| | FY2019 | | | | FY2020 |
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Smart Life | 181.0 | 233.9 | 247.6 | 193.9 | 184.5 |
| 8K Ecosystem | 262.5 | 311.8 | 324.3 | 258.4 | 267.1 |
| ICT | 96.2 | 83.1 | 88.3 | 89.4 | 88.3 |
| Subtotal | 539.8 | 628.9 | 660.3 | 541.8 | 539.9 |
| Adjustments | -24.8 | -23.3 | -25.4 | -26.1 | -22.7 |
| Total | 514.9 | 605.6 | 634.9 | 515.6 | 517.2 |

*Sales include inter-segment sales and transfers.

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Quarterly Sales by Segment

| | (Billions of Yen) | | | | |
|--------------|-------------------|----------------|----------------|------------------|-----------------|
| | FY2019 | | | | FY2020 |
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Smart Life | 6.2 (3.5%) | 12.3 (5.3%) | 16.4 (6.7%) | 4.6 (2.4%) | 13.4 (7.3%) |
| 8K Ecosystem | 6.5 (2.5%) | 11.0 (3.5%) | 11.7 (3.6%) | -14.4 (-5.6%) | -4.9 (-1.9%) |
| ICT | 7.3 (7.6%) | 3.7 (4.5%) | 4.4 (5.1%) | 4.5 (5.1%) | 4.4 (5.0%) |
| Subtotal | 20.1 (3.7%) | 27.2 (4.3%) | 32.7 (5.0%) | -5.1 (-1.0%) | 12.9 (2.4%) |
| Adjustments | -5.5 | -4.8 | -3.2 | -8.4 | -3.8 |
| Total | 14.6 (2.8%) | 22.3 (3.7%) | 29.4 (4.6%) | -13.6 (-2.6%) | 9.0 (1.8%) |

*Figures within parentheses indicate operating margin.

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Capital Investment / Depreciation and Amortization, etc.

| | (Billions of Yen) | | | |
|--------------------------------------|-------------------|---------------|---------------|----------------------|
| | FY2019 | | | FY2020 |
| | First Half | Second Half | Fiscal Year | Fiscal Year Forecast |
| Capital Investment | 29.3 | 30.8 | 60.2 | 100.0 |
| Displays | 10.2 | 9.1 | 19.4 | 25.0 |
| Depreciation and Amortization | 30.8 | 36.2 | 67.1 | 70.0 |
| R&D Expenditures | 49.9 | 50.6 | 100.5 | 105.0 |
| | (Yen) | | | |
| Avg. Exchange Rate | FY2019 | | | FY2020 |
| | First Half | Second Half | Fiscal Year | Fiscal Year Forecast |
| | | | | |
| US Dollar | 107.63 | 107.85 | 107.74 | 105.00 |
| Euro | 119.91 | 118.72 | 119.32 | 120.00 |

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Quarterly Capital Investment and Depreciation, etc.

| | (Billions of Yen) | | | | |
|--------------------------------------|-------------------|---------------|---------------|---------------|---------------|
| | FY2019 | | | | FY2020 |
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| Capital Investment | 9.0 | 20.2 | 23.8 | 6.9 | 10.3 |
| Displays | 3.6 | 6.6 | 5.5 | 3.6 | 4.4 |
| Depreciation and Amortization | 14.9 | 15.9 | 18.0 | 18.1 | 15.5 |
| R&D Expenditures | 28.9 | 21.0 | 24.9 | 25.6 | 20.3 |
| | (Yen) | | | | |
| Avg. Exchange Rate | FY2019 | | | | FY2020 |
| | Q1 | Q2 | Q3 | Q4 | Q1 |
| | | | | | |
| US Dollar | 108.90 | 106.35 | 107.76 | 107.94 | 106.62 |
| Euro | 121.99 | 117.84 | 118.82 | 118.62 | 116.97 |

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