

Consolidated Financial Results for the First Quarter, Fiscal 2023

- I . Consolidated Financial Results for the First Quarter, Fiscal 2023
 - II . Consolidated Financial Results Forecast for Fiscal 2023
 - III . Supplementary Data
-

SHARP CORPORATION

August 4, 2023

Outline

- Net sales for Q1, fiscal 2023 decreased year on year. While Electronic Device grew, other four segments declined.
- Although operating profit, ordinary profit and bottom-line profit were lower year on year, these results outperformed Q4, fiscal 2022.
- As our performance has been in line with expectations, we have left our financial results forecast for fiscal 2023 unchanged and we continue to work on achieving bottom-line profit in fiscal 2023.

At the same time, we will proceed with defining new businesses as quickly as possible and accelerating business reform, while we continue to build a business structure centered on our Brand Business as we expand over the medium and long term.

I . Consolidated Financial Results for the First Quarter, Fiscal 2023

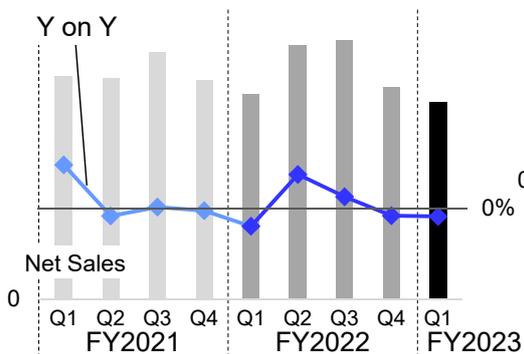
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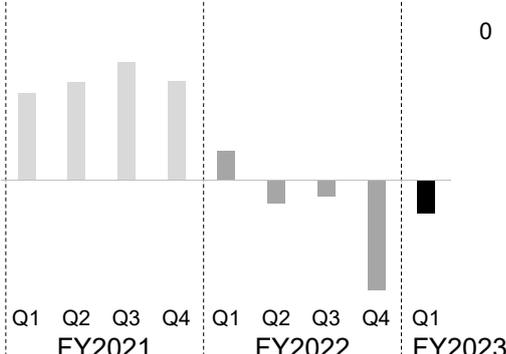
Consolidated Financial Results for the First Quarter, Fiscal 2023

(Billions of Yen)	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Net Sales	562.1	695.8	709.0	581.0	541.2	-3.7%
Operating Profit	6.1 (1.1%)	-5.0 (-0.7%)	-3.5 (-0.5%)	-23.1 (-4.0%)	-7.0 (-1.3%)	-
Ordinary Profit	17.4 (3.1%)	-8.2 (-1.2%)	-11.0 (-1.6%)	-28.6 (-4.9%)	-0.5 (-0.1%)	-
Bottom-line Profit	26.9 (4.8%)	-17.4 (-2.5%)	-18.4 (-2.6%)	-251.8 (-43.3%)	5.5 (1.0%)	-79.5%
Avg. Exchange Rates						
USD/JPY	128.57	137.38	140.60	131.35	137.37	
Euro/JPY	136.60	137.84	142.81	140.60	149.46	

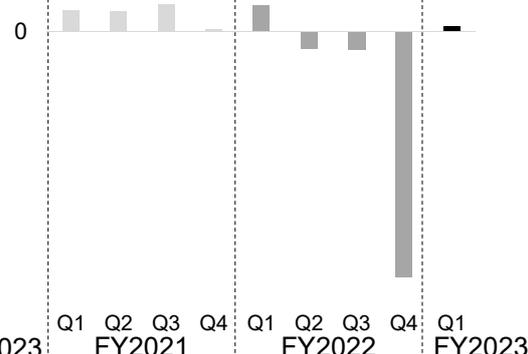
Net Sales



Operating Profit



Bottom-line Profit



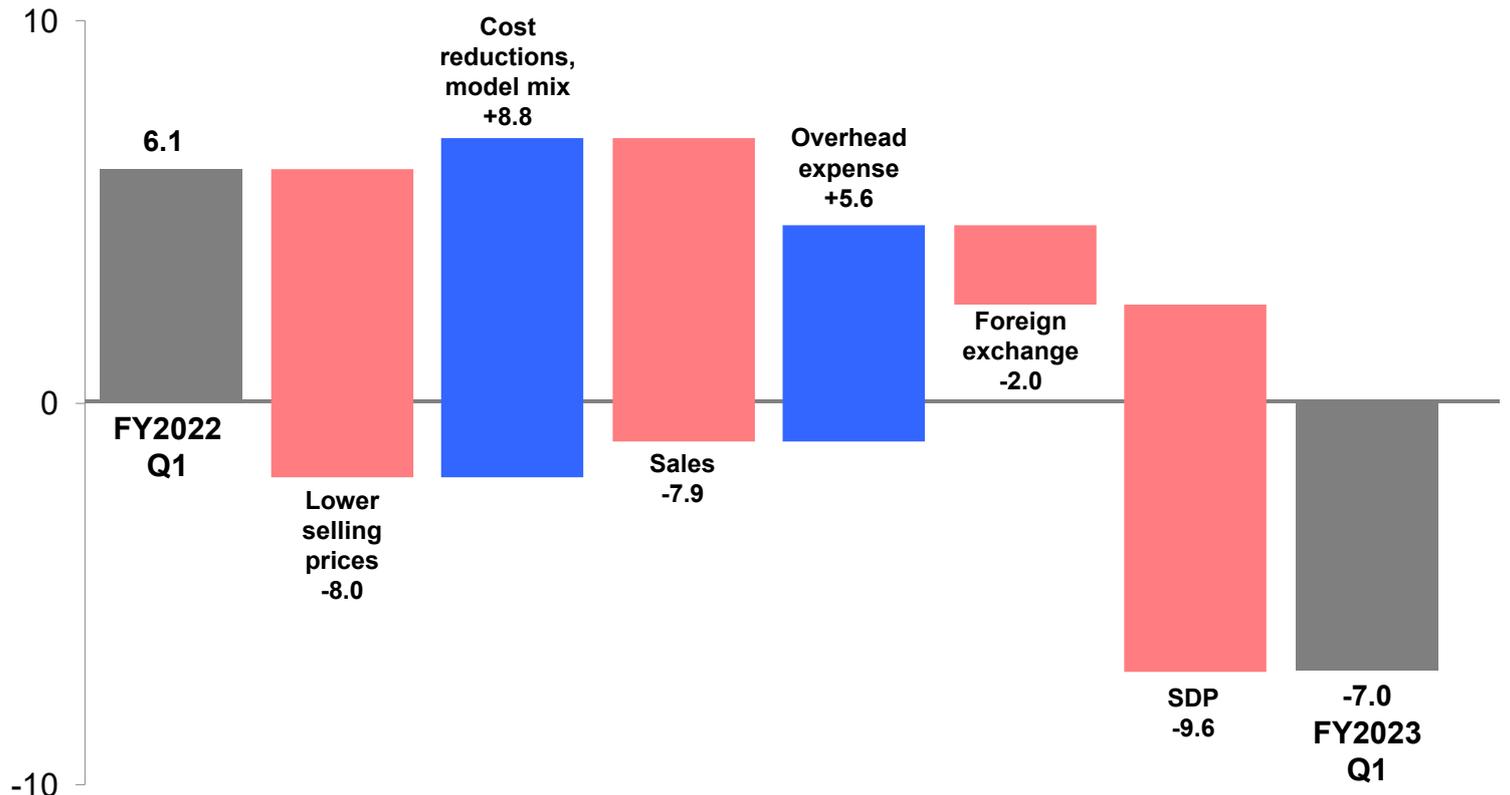
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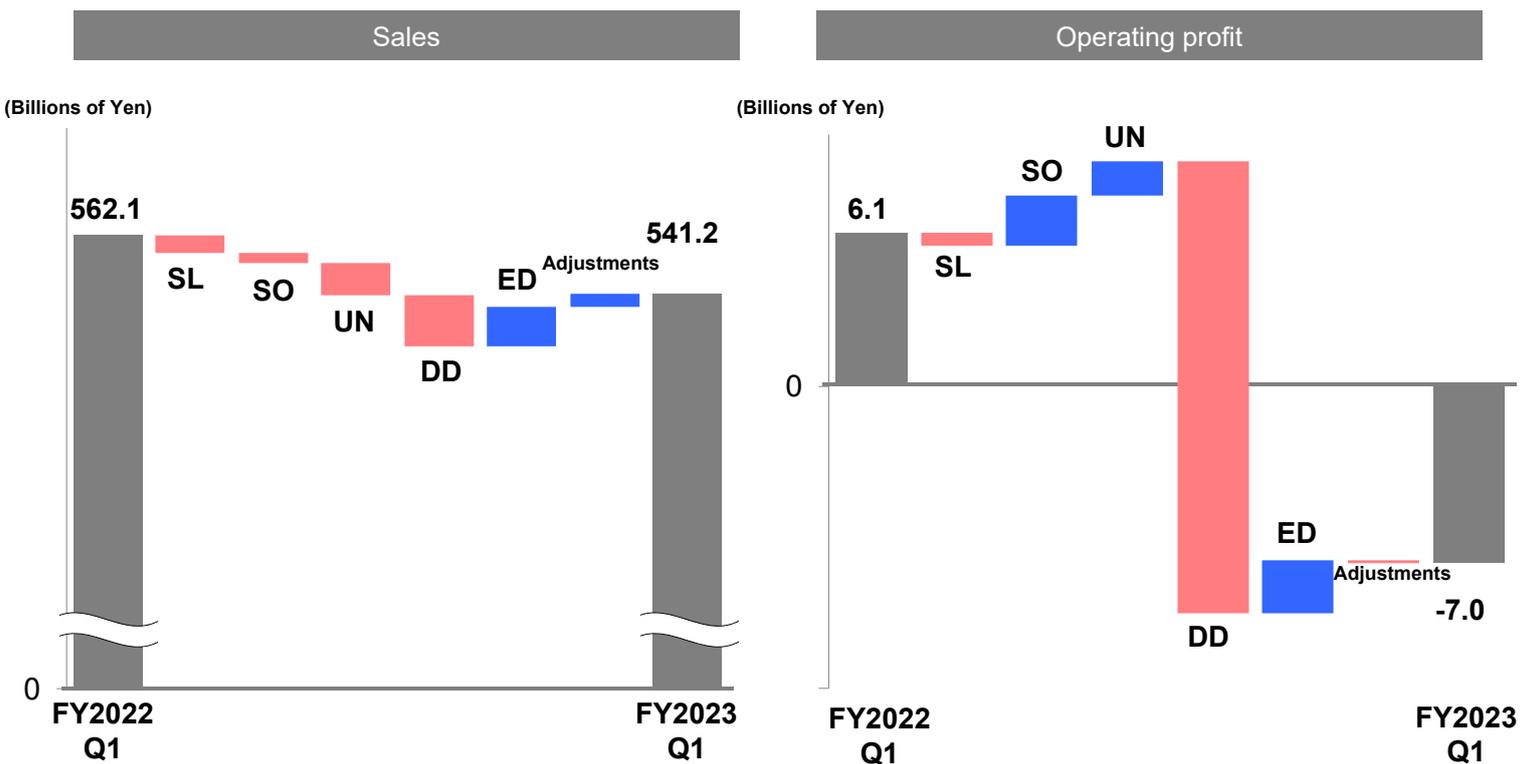
Operating Profit Analysis : Y on Y Change Factors for the First Quarter, Fiscal 2023

(Management accounting)

(Billions of Yen)



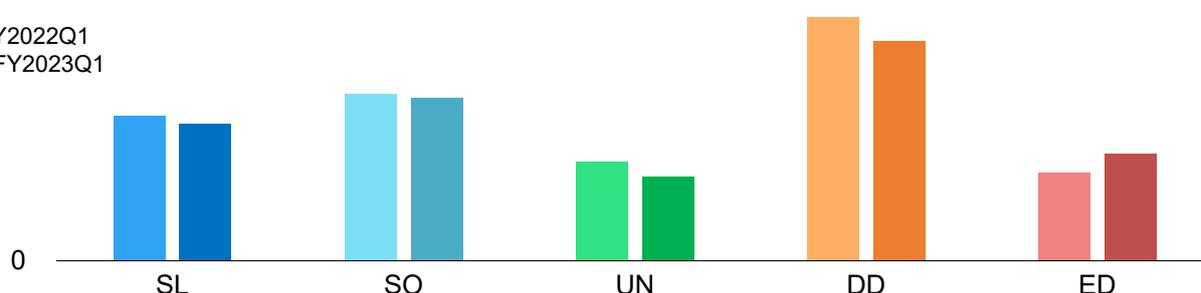
Sales and Operating Profit Analysis: Y on Y Change by Segment for the First Quarter, Fiscal 2023



(First Quarter) Sales by Segment

(Billions of Yen)	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Smart Life & Energy	113.2	139.2	113.6	110.6	106.6	-5.8%
Smart Office	130.2	151.5	132.6	147.3	126.6	-2.8%
Universal Network	77.2	86.2	93.7	76.9	65.7	-14.9%
Brand Businesses	320.7	376.9	339.9	335.0	299.0	-6.8%
Display Device	189.4	217.1	217.8	135.5	171.3	-9.6%
Electronic Device	68.9	118.8	164.4	123.3	83.2	+20.8%
Device Businesses	258.3	336.0	382.2	258.8	254.5	-1.5%
Subtotal	579.1	712.9	722.2	593.8	553.6	-4.4%
Adjustments	-16.9	-17.1	-13.1	-12.8	-12.3	-
Total	562.1	695.8	709.0	581.0	541.2	-3.7%

Left bar, FY2022Q1
Right bar, FY2023Q1



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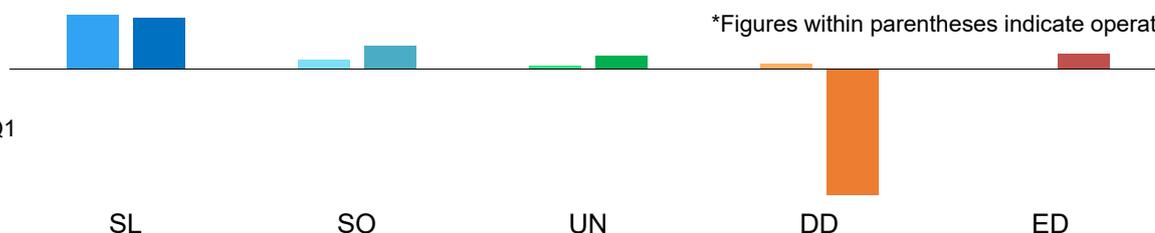
*Sales include inter-segment sales and transfers.

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(First Quarter) Operating Profit by Segment

(Billions of Yen)	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Smart Life & Energy	7.4 (6.6%)	9.9 (7.2%)	6.0 (5.4%)	5.8 (5.3%)	6.9 (6.5%)	-7.1%
Smart Office	1.1 (0.9%)	1.3 (0.9%)	2.6 (2.0%)	9.3 (6.4%)	3.1 (2.5%)	+168.8%
Universal Network	0.3 (0.5%)	-4.6 (-5.3%)	-2.3 (-2.5%)	-1.2 (-1.6%)	1.7 (2.7%)	+378.7%
Brand Businesses	8.9 (2.8%)	6.7 (1.8%)	6.4 (1.9%)	13.9 (4.2%)	11.7 (3.9%)	+31.5%
Display Device	0.6 (0.3%)	-14.4 (-6.6%)	-13.6 (-6.3%)	-39.1 (-28.9%)	-17.3 (-10.1%)	-
Electronic Device	0.0 (0.0%)	7.4 (6.2%)	5.9 (3.6%)	1.4 (1.2%)	2.0 (2.5%)	-
Device Businesses	0.6 (0.2%)	-6.9 (-2.1%)	-7.7 (-2.0%)	-37.6 (-14.5%)	-15.2 (-6.0%)	-
Subtotal	9.6 (1.7%)	-0.2 (-0.0%)	-1.2 (-0.2%)	-23.6 (-4.0%)	-3.4 (-0.6%)	-
Adjustments	-3.4	-4.8	-2.2	0.4	-3.6	-
Total	6.1 (1.1%)	-5.0 (-0.7%)	-3.5 (-0.5%)	-23.1 (-4.0%)	-7.0 (-1.3%)	-

Left bar, FY2022Q1
Right bar, FY2023Q1



*Figures within parentheses indicate operating margin.

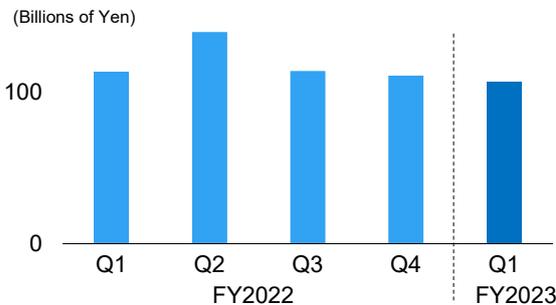
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Smart Life & Energy

(Billions of Yen)	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Sales	113.2	139.2	113.6	110.6	106.6	-5.8%
Operating Profit	7.4 (6.6%)	9.9 (7.2%)	6.0 (5.4%)	5.8 (5.3%)	6.9 (6.5%)	-7.1%

Sales (Decrease)



(Dec.) Sales of refrigerators, cooking appliances, and air purifiers declined due to sluggish market conditions.

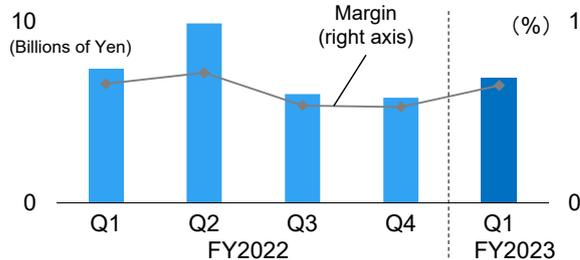
(Dec.) The energy solutions business saw a decline in EPC sales.

(Incr.) Sales of washing machines rose significantly in Japan.

(Incr.) Sales of air conditioners increased significantly in Asia and other overseas markets.

(Incr.) In the energy solutions business, sales of household products grew in Japan.

Operating profit (Decrease)



(Dec.) Decrease in sales

(Incr.) Sales for high-value-added products grew in each business, including the washing machine and vacuum cleaner businesses in Japan

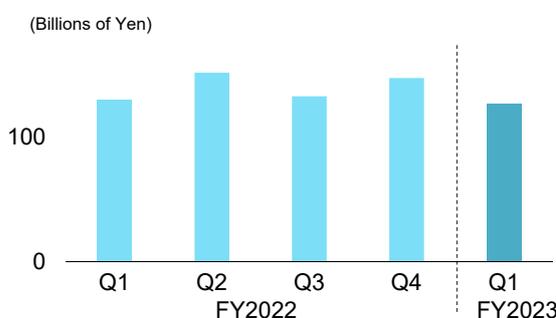
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Smart Office

(Billions of Yen)	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Sales	130.2	151.5	132.6	147.3	126.6	-2.8%
Operating Profit	1.1 (0.9%)	1.3 (0.9%)	2.6 (2.0%)	9.3 (6.4%)	3.1 (2.5%)	+168.8%

Sales (Decrease)



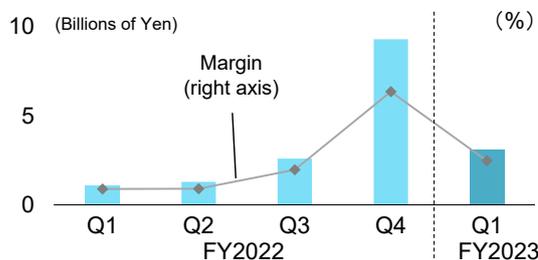
(Dec.) Sales of information displays decreased due to severe price competition.

(Dec.) In the PC business, we withdrew from Europe as a result of structural reform.

(Incr.) MFP business and office solution business remained strong, especially in Europe and the U.S.

(Incr.) In the PC business, sales in domestic B2B business rose more than 10% due to growth in education-related business.

Operating profit (Increase)



(Incr.) PC business profitability improved significantly due to the progress in structural reforms

(Incr.) Shift toward high-value-added offerings in the office solution business

(Incr.) Increase in MFP business sales

(Dec.) Decrease in information display sales

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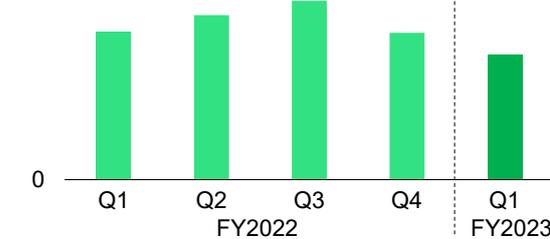
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(Billions of Yen)

	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Sales	77.2	86.2	93.7	76.9	65.7	-14.9%
Operating Profit	0.3 (0.5%)	-4.6 (-5.3%)	-2.3 (-2.5%)	-1.2 (-1.6%)	1.7 (2.7%)	+378.7%

Sales (Decrease)

(Billions of Yen)



(Dec.) Market conditions for the TV business deteriorated in Japan, China, and other regions.

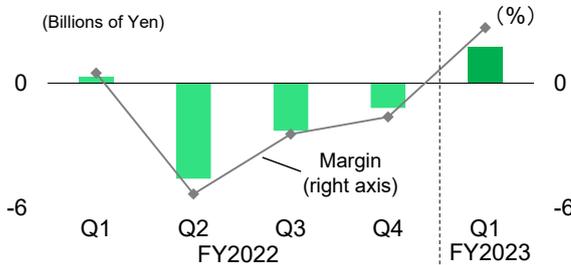
(Dec.) In the mobile communication business, domestic demand continues to slow.

(Incr.) In the TV business, selling prices increased and sales for high-value-added models grew.

(Incr.) In the mobile communication business, sales of flagship smartphones grew and a review of selling prices progressed.

Operating profit (Increase)

(Billions of Yen)



(Incr.) Sales for high-value-added products grew

(Incr.) Increase in selling prices

(Dec.) Decrease in sales

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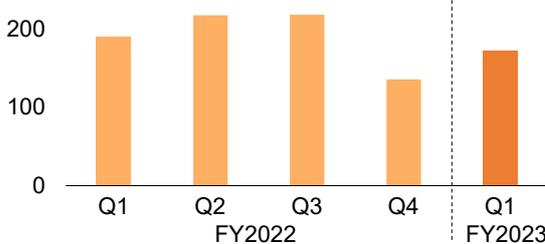
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(Billions of Yen)

	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Sales	189.4	217.1	217.8	135.5	171.3	-9.6%
Operating Profit	0.6 (0.3%)	-14.4 (-6.6%)	-13.6 (-6.3%)	-39.1 (-28.9%)	-17.3 (-10.1%)	-

Sales (Decrease)

(Billions of Yen)

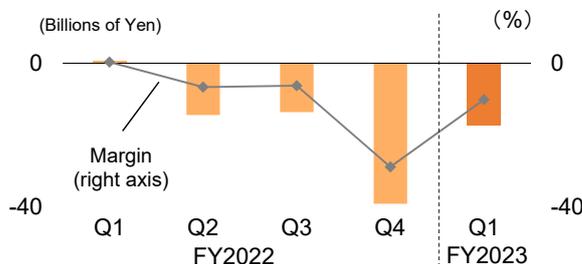


(Dec.) Decrease in panel sales for smartphones and PCs due to challenging market condition

(Incr.) Growth in panel sales for automotive and other applications

Operating profit (Decrease)

(Billions of Yen)



(Dec.) Decrease in sales

(Dec.) Impact of large-size display business

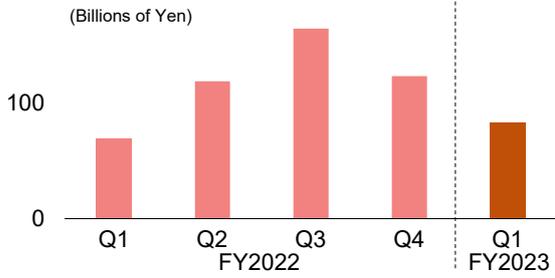
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(Billions of Yen)

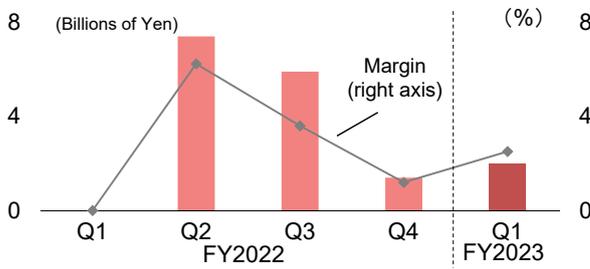
	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Y on Y
Sales	68.9	118.8	164.4	123.3	83.2	+20.8%
Operating Profit	0.0 (0.0%)	7.4 (6.2%)	5.9 (3.6%)	1.4 (1.2%)	2.0 (2.5%)	-

Sales (Increase)



(Incr.) Device sales for customer 2022 models were firm

Operating profit (Increase)



(Incr.) Increase in sales

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

(Billions of Yen)	FY2022				FY2023	
	Q1	Q2	Q3	Q4	Q1	Difference (Y on Y)
Operating Profit	6.1	-5.0	-3.5	-23.1	-7.0	-13.1
Non-operating Income (Expenses)	+11.3	-3.1	-7.5	-5.4	+6.5	-4.8
Interest expenses	-0.9	-2.6	-2.9	-2.7	-2.9	-2.0
Foreign exchange gains (losses)	+13.0	+5.7	-1.1	-0.3	+6.2	-6.8
Investment income (expenses)	+4.1	+1.5	+0.8	+0.2	+0.2	-3.9
Share of profit (loss) of entities accounted for using equity method	-5.1	-6.9	-5.7	-2.5	+1.3	+6.4
Ordinary Profit	17.4	-8.2	-11.0	-28.6	-0.5	-17.9
Extraordinary Income (Losses)	+12.2	-1.3	+3.3	-222.7	+9.3	-2.9
Gain (loss) on sale of non-current assets	+0.9	+1.0	+4.7	+0.4	+0.5	-0.4
Gain on step acquisitions	+12.4	-	-	-	+1.3	-11.1
Gain on change in equity	+0.2	-	-	-	+4.2	+4.0
Gain on reversal of liabilities	-	-	-	-	+4.8	+4.8
Business restructuring expenses	-	-1.0	-0.3	-3.0	-	-
Impairment losses	-	-	-0.5	-219.9	-1.4	-1.4
Provision for loss on litigation	-1.4	-0.8	+0.2	-0.0	-	+1.4
Pretax Income	29.6	-9.6	-7.6	-251.4	8.8	-20.8
Income Taxes, etc.	-2.7	-7.8	-10.7	-0.4	-3.2	-0.5
Bottom-line Profit	26.9	-17.4	-18.4	-251.8	5.5	-21.4

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Consolidated Balance Sheets

• Cash and deposits as of the end of first quarter, fiscal 2023, amounted to 209.0 billion yen, net assets amounted to 272.5 billion yen, and equity ratio amounted to 14.7%

	FY2022		FY2023		FY2022		FY2023
	End of Dec.	End of Mar.	End of Jun.		End of Dec.	End of Mar.	End of Jun.
Cash and deposits	262.8	262.0	209.0	Notes and accounts payable – trade, etc.	457.0	371.8	372.3
Notes and accounts receivable – trade, etc.	506.7	438.0	425.6	Short-term borrowings	133.9	163.8	177.7
Inventories	357.8	299.3	307.3	Current portion of bonds payable	0.0	0.0	0.0
Other current assets	91.3	87.6	94.8	Other current liabilities	359.7	346.7	336.0
Current Assets	1,218.9	1,087.0	1,036.9	Current Liabilities	950.7	882.5	886.2
Property, plant and Equipment	545.4	389.2	395.0	Bonds payable	0.0	0.0	0.0
Intangible assets	104.1	35.8	39.9	Long-term borrowings	585.4	542.7	467.0
Investments and other Assets	264.0	260.7	282.4	Other non-current liabilities	121.2	125.3	128.4
Non-current Assets	913.7	685.8	717.4	Non-current Liabilities	706.6	668.0	595.5
Total Assets	2,132.6	1,772.9	1,754.3	Net Assets	475.2	222.3	272.5
				Total Liabilities and Net Assets	2,132.6	1,772.9	1,754.3
Exchange Rate, End of Period							
USD/JPY	131.70	132.54	144.99	Equity Ratio	21.6%	11.8%	14.7%
Euro/JPY	139.94	144.22	157.56	Equity	459.8	208.4	258.3

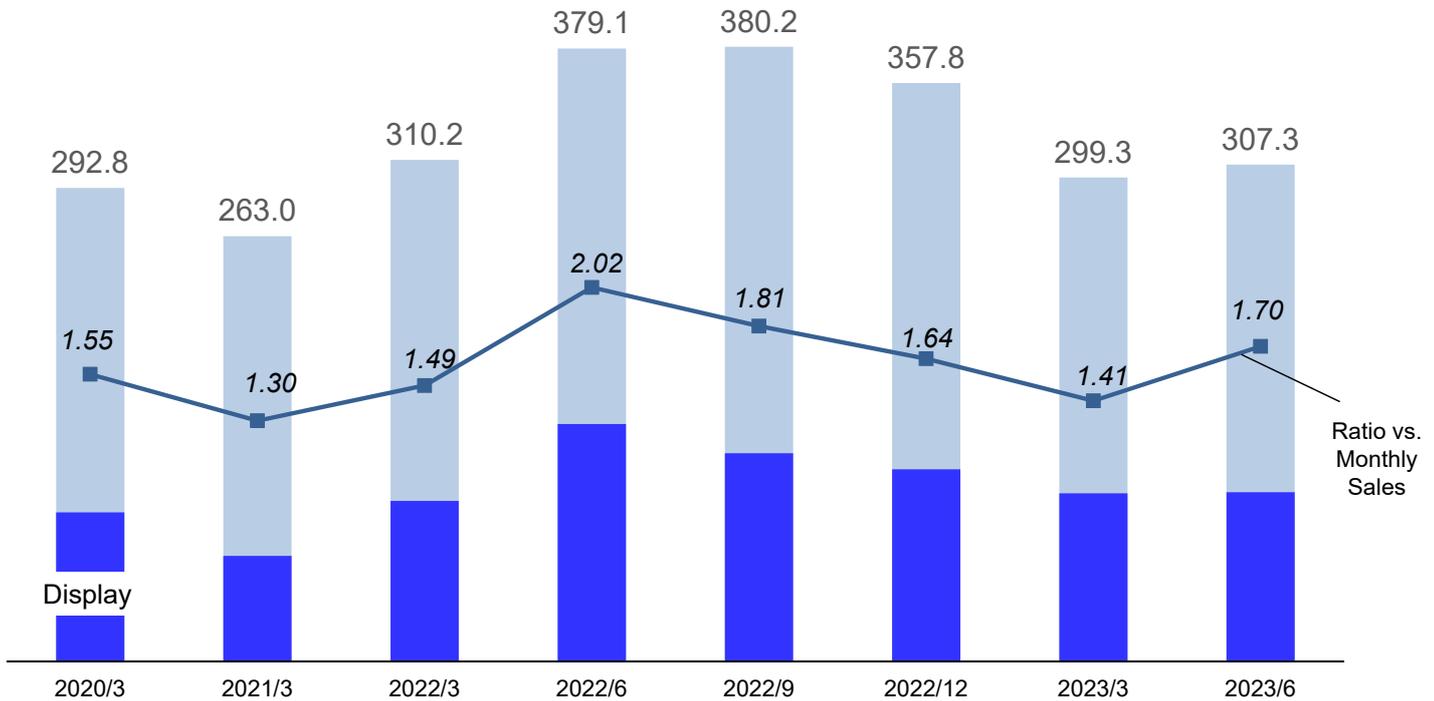
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Inventory Trends

Inventory was at an appropriate level in line with the sales plan for the second quarter onward.

(Billions of Yen, Months)



*The company adopted a change in accounting standards; figures for 2021/3 and earlier were prepared under different standards

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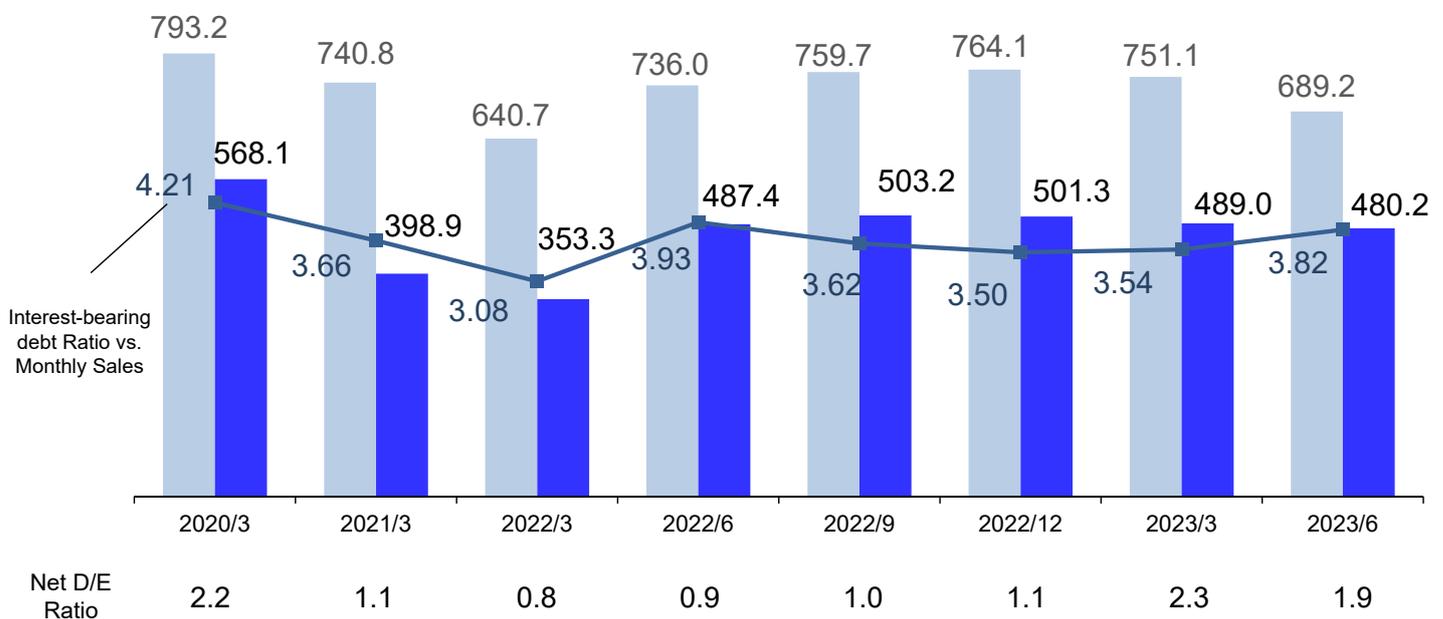
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Interest-Bearing Debt Trends

We endeavored to lower working capital, reducing net interest-bearing debt by 8.8 billion yen in Q1, from 489.0 billion yen to 480.2 billion yen.

Left bar: Interest-bearing debt
Right bar: Net interest-bearing debt

(Billions of Yen, Months)



Net D/E Ratio

2.2 1.1 0.8 0.9 1.0 1.1 2.3 1.9

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

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II. Consolidated Financial Results Forecast for Fiscal 2023

Consolidated Financial Results Forecast for Fiscal 2023

Our performance has been in line with expectations, and we have left our financial results forecast for fiscal 2023 unchanged from our forecast announced on May 11.

(Billions of Yen)

	FY2022	FY2023	
	Fiscal Year	Fiscal Year Forecast	Y on Y
Net Sales	2,548.1	2,560.0	+0.5%
Operating Profit (margin)	-25.7 (-1.0%)	40.0 (1.6%)	-
Ordinary Profit (margin)	-30.4 (-1.2%)	39.0 (1.5%)	-
Bottom-line Profit (margin)	-260.8 (-10.2%)	10.0 (0.4%)	-
Avg. Exchange Rate			
USD/JPY	134.48	135.00	
Euro/JPY	139.46	145.00	

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III. Supplementary Data

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Consolidated Financial Results

(Billions of Yen)

	FY2022			FY2023
	First Half	Second Half	Fiscal Year	Fiscal-Year Forecast
Net Sales	1,257.9	1,290.1	2,548.1	2,560.0
Operating Profit	1.0	-26.7	-25.7	40.0
(margin)	(0.1%)	(-2.1%)	(-1.0%)	(1.6%)
Ordinary Profit	9.2	-39.7	-30.4	39.0
(margin)	(0.7%)	(-3.1%)	(-1.2%)	(1.5%)
Bottom-line Profit	9.4	-270.2	-260.8	10.0
(margin)	(0.8%)	(-21.0%)	(-10.2%)	(0.4%)

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S-2

Consolidated Quarterly Financial Results

(Billions of Yen)

	FY2022				FY2023
	Q1	Q2	Q3	Q4	Q1
Net Sales	562.1	695.8	709.0	581.0	541.2
Operating Profit	6.1	-5.0	-3.5	-23.1	-7.0
(margin)	(1.1%)	(-0.7%)	(-0.5%)	(-4.0%)	(-1.3%)
Ordinary Profit	17.4	-8.2	-11.0	-28.6	-0.5
(margin)	(3.1%)	(-1.2%)	(-1.6%)	(-4.9%)	(-0.1%)
Bottom-line Profit	26.9	-17.4	-18.4	-251.8	5.5
(margin)	(4.8%)	(-2.5%)	(-2.6%)	(-43.3%)	(1.0%)

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S-3

Sales by Segment

(Billions of Yen)

	FY2022		
	First Half	Second Half	Fiscal Year
Smart Life & Energy	252.4	224.3	476.8
Smart Office	281.7	280.0	561.7
Universal Network	163.4	170.6	334.1
Brand Businesses	697.7	675.0	1,372.7
Display Device	406.6	353.3	759.9
Electronic Device	187.8	287.7	475.5
Device Businesses	594.4	641.1	1,235.5
Subtotal	1,292.1	1,316.1	2,608.2
Adjustments	-34.1	-26.0	-60.1
Total	1,257.9	1,290.1	2,548.1

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*Sales include inter-segment sales and transfers.

S-4

Operating Profit by Segment

(Billions of Yen)

	FY2022		
	First Half	Second Half	Fiscal Year
Smart Life & Energy	17.4 (6.9%)	11.9 (5.3%)	29.3 (6.2%)
Smart Office	2.5 (0.9%)	11.9 (4.3%)	14.5 (2.6%)
Universal Network	-4.2 (-2.6%)	-3.5 (-2.1%)	-7.8 (-2.3%)
Brand Businesses	15.7 (2.3%)	20.3 (3.0%)	36.1 (2.6%)
Display Device	-13.7 (-3.4%)	-52.7 (-14.9%)	-66.4 (-8.7%)
Electronic Device	7.4 (3.9%)	7.3 (2.6%)	14.7 (3.1%)
Device Businesses	-6.3 (-1.1%)	-45.3 (-7.1%)	-51.6 (-4.2%)
Subtotal	9.3 (0.7%)	-24.9 (-1.9%)	-15.5 (-0.6%)
Adjustments	-8.3	-1.7	-10.1
Total	1.0 (0.1%)	-26.7 (-2.1%)	-25.7 (-1.0%)

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*Figures within parentheses indicate operating margin.

S-5

Quarterly Sales by Segment

(Billions of Yen)

	FY2022				FY2023
	Q1	Q2	Q3	Q4	Q1
Smart Life & Energy	113.2	139.2	113.6	110.6	106.6
Smart Office	130.2	151.5	132.6	147.3	126.6
Universal Network	77.2	86.2	93.7	76.9	65.7
Brand Businesses	320.7	376.9	339.9	335.0	299.0
Display Device	189.4	217.1	217.8	135.5	171.3
Electronic Device	68.9	118.8	164.4	123.3	83.2
Device Businesses	258.3	336.0	382.2	258.8	254.5
Subtotal	579.1	712.9	722.2	593.8	553.6
Adjustments	-16.9	-17.1	-13.1	-12.8	-12.3
Total	562.1	695.8	709.0	581.0	541.2

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*Sales include inter-segment sales and transfers.

S-6

Quarterly Operating Profit by Segment

(Billions of Yen)

	FY2022				FY2023
	Q1	Q2	Q3	Q4	Q1
Smart Life & Energy	7.4 (6.6%)	9.9 (7.2%)	6.0 (5.4%)	5.8 (5.3%)	6.9 (6.5%)
Smart Office	1.1 (0.9%)	1.3 (0.9%)	2.6 (2.0%)	9.3 (6.4%)	3.1 (2.5%)
Universal Network	0.3 (0.5%)	-4.6 (-5.3%)	-2.3 (-2.5%)	-1.2 (-1.6%)	1.7 (2.7%)
Brand Businesses	8.9 (2.8%)	6.7 (1.8%)	6.4 (1.9%)	13.9 (4.2%)	11.7 (3.9%)
Display Device	0.6 (0.3%)	-14.4 (-6.6%)	-13.6 (-6.3%)	-39.1 (-28.9%)	-17.3 (-10.1%)
Electronic Device	0.0 (0.0%)	7.4 (6.2%)	5.9 (3.6%)	1.4 (1.2%)	2.0 (2.5%)
Device Businesses	0.6 (0.2%)	-6.9 (-2.1%)	-7.7 (-2.0%)	-37.6 (-14.5%)	-15.2 (-6.0%)
Subtotal	9.6 (1.7%)	-0.2 (-0.0%)	-1.2 (-0.2%)	-23.6 (-4.0%)	-3.4 (-0.6%)
Adjustments	-3.4	-4.8	-2.2	0.4	-3.6
Total	6.1 (1.1%)	-5.0 (-0.7%)	-3.5 (-0.5%)	-23.1 (-4.0%)	-7.0 (-1.3%)

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*Figures within parentheses indicate operating margin.

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Capital Investment / Depreciation and Amortization

	(Billions of Yen)			
	FY2022			FY2023
	First Half	Second Half	Fiscal Year	Fiscal-Year Forecast
Capital Investment	20.5	23.9	44.5	60.0
Displays	4.2	9.9	14.2	25.3
Depreciation and Amortization	38.0	46.2	84.2	65.0
R&D Expenditures	39.9	38.7	78.7	85.0
	(Yen)			
Avg. Exchange Rate	FY2022			FY2023
	First Half	Second Half	Fiscal Year	Fiscal-Year Forecast
US Dollar	132.98	135.98	134.48	135.00
Euro	137.22	141.71	139.46	145.00

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Quarterly Capital Investment and Depreciation, etc.

	(Billions of Yen)				
	FY2022				FY2023
	Q1	Q2	Q3	Q4	Q1
Capital Investment	5.0	15.5	12.3	11.6	8.9
Displays	0.9	3.3	4.7	5.2	4.0
Depreciation and Amortization	15.6	22.3	22.9	23.2	14.1
R&D Expenditures	18.7	21.1	20.4	18.3	17.6
	(Yen)				
Avg. Exchange Rate	FY2022				FY2023
	Q1	Q2	Q3	Q4	Q1
US Dollar	128.57	137.38	140.60	131.35	137.37
Euro	136.60	137.84	142.81	140.60	149.46

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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, 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.

*Bottom-line profit: Profit attributable to owners of parent

*Segment Name Abbreviations:

Smart Life & Energy: SL Smart Office: SO Universal Network: UN Display Device: DD Electronic Device: ED

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