Display Device

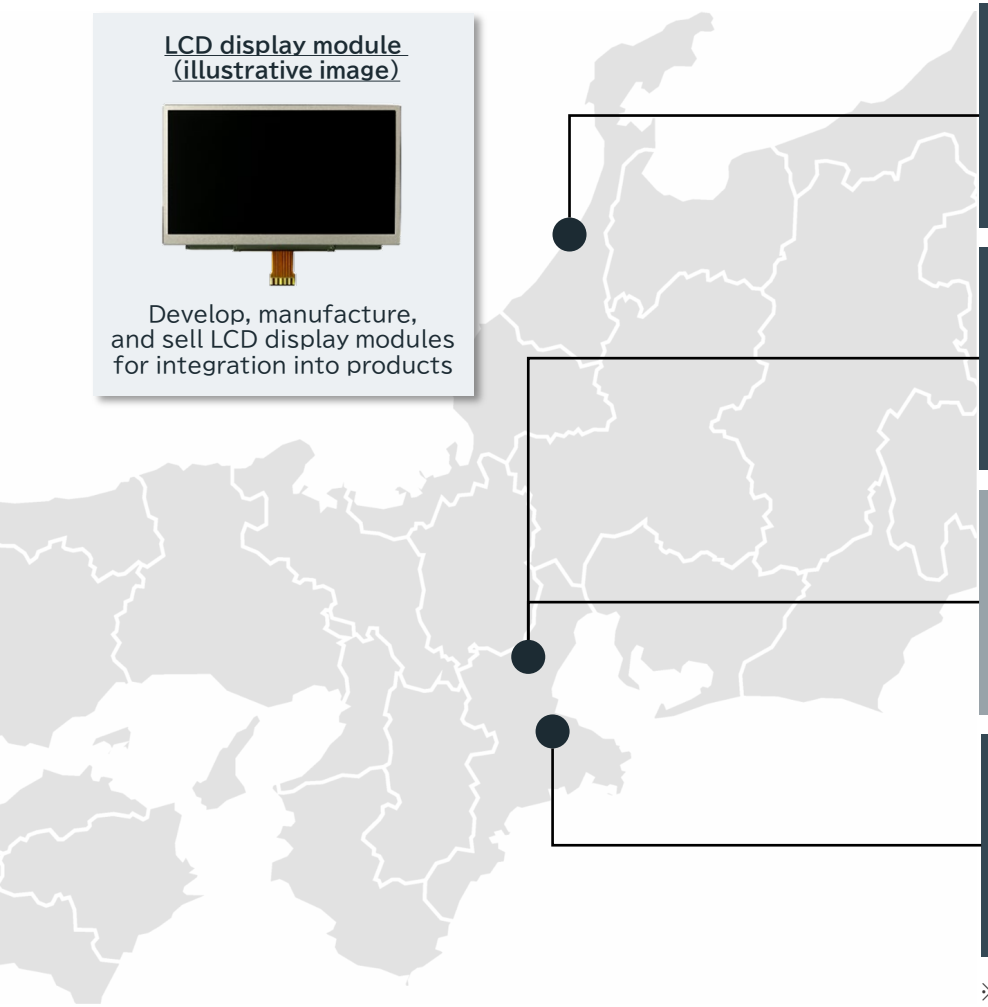
Executive Officer, Head of Display Device Business
and President, Sharp Display Technology Corporation

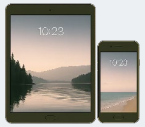
Katsuhiro Kawai

■Display Device production sites and main applications

LCD display module (illustrative image)

Develop, manufacture, and sell LCD display modules for integration into products



Site overview	Main production applications		
	IT	Automotive	Mobile & Industrial
Hakusan plant (H1) G6		○	◎
■High value-added multi-application plant  XR (VR/MR/AR)  ePoster			
Kameyama No.1 plant (K1) G6		◎	
■Automotive-dedicated line   Automotive			
Kameyama No.2 plant (K2) G8	◎	○	◎
■Production cessation scheduled for December 2026  Note PC  Tablet / Smartphone			
Mie No.3 plant (Fab2) G4.5		○	◎
■High-Value, High-Mix/Low-Volume Production & Next-Gen R&D Lines  Wearable  DSC  Industrial/Factory Automation			

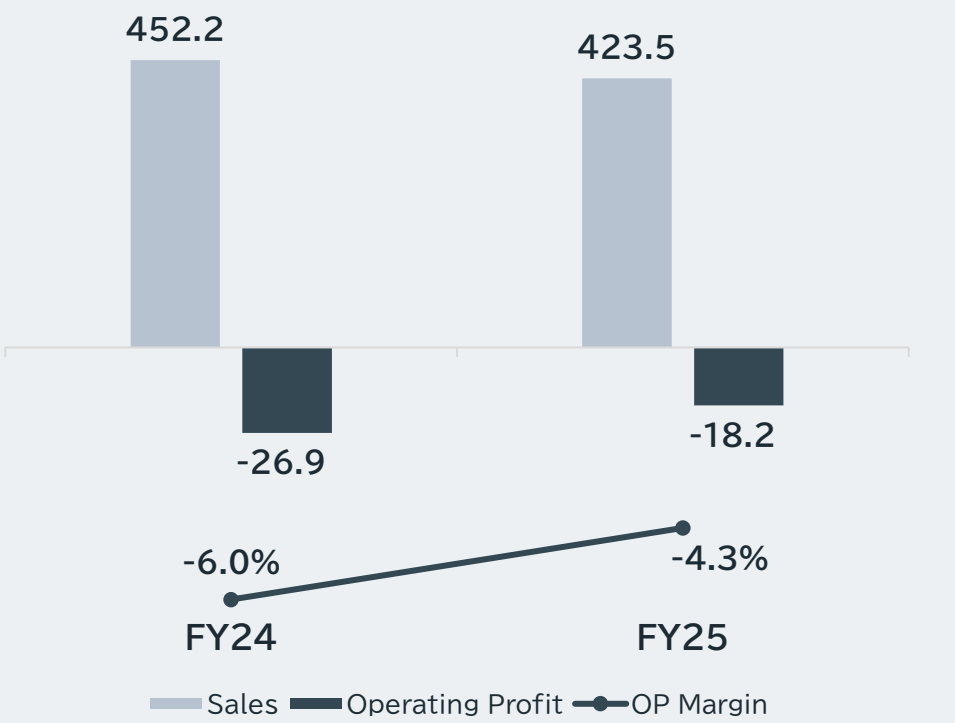
※ Some images in this material are illustrative, intended to explain applications

FY2025 Review

Significantly narrowed the operating loss, despite a decline in sales due to a strategic decline in IT applications, driven by growth in automotive and mobile and industrial applications

Performance trend

(Billions of Yen)

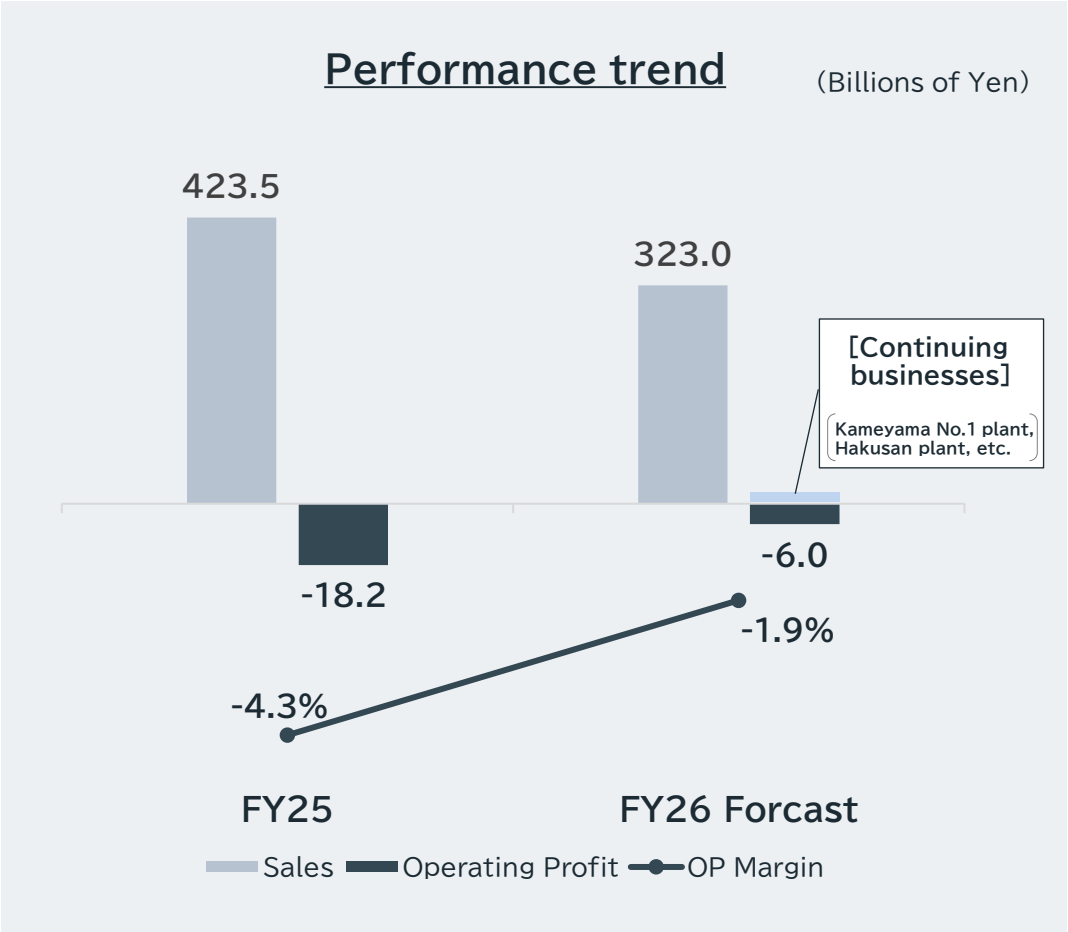


Main factors of change

+ Improved product mix for automotive applications
+ Expanded sales for mobile and industrial applications at the Hakusan plant from the second half onward
+ Reduced fixed costs through optimization of production capacity at the Kameyama No.2 plant and Mie No.3 plant (June 2024)

FY2026 Business Plan

Achieve profitability in the “continuing businesses”, including the Kameyama No.1 plant and the Hakusan plant, by expanding sales in priority applications—automotive, mobile, and industrial



Main factors of change

[Continuing businesses]

+ Start supply to a certain automobile customer A from the Kameyama No.1 plant (from the second half)

+ Continue expanding sales of high value-added products at the Hakusan plant

[Kameyama No.2 plant]

※ Cessation timing is expected to be delayed in response to customer demand (August ⇒ December)

− Deterioration in model mix during the production cessation process (expected operating loss of approximately 9 billion yen at the plant)

Future Direction

Achieve early profitability through asset-light transformation and concentration on focus businesses. Furthermore, achieve regrowth through the creation of new businesses

FY2024-2025	FY2026-2027	Beyond FY2028
1 Asset-light transformation	**2 Profit improvement through focus businesses**	**3 Creation of future growth engines**
✓ Distinguishing focus businesses from businesses to be wound down ✓ Transform plants to concentrate on focus businesses - K1: dedicated to automotive - H1: conversion to a multi-application plant ✓ For businesses being wound down, sequentially optimize plant capacity, reduce fixed costs, and lower volatility	✓ Return to profitability by expanding orders in focus businesses ✓ Promote higher value-added by leveraging distinctive technologies	✓ Existing core businesses achieve stable growth by winning new business centered on new products ✓ Leverage technologies and assets cultivated over many years in the LCD business to expand into new business domains ✓ Aim for further growth through the creation of new businesses

① Asset-Light Transformation

Shifted business strategy in response to changes in market needs and the competitive environment.
Carried out asset-light measures matched to the scale of focus products, **greatly reducing volatility**

Challenges faced

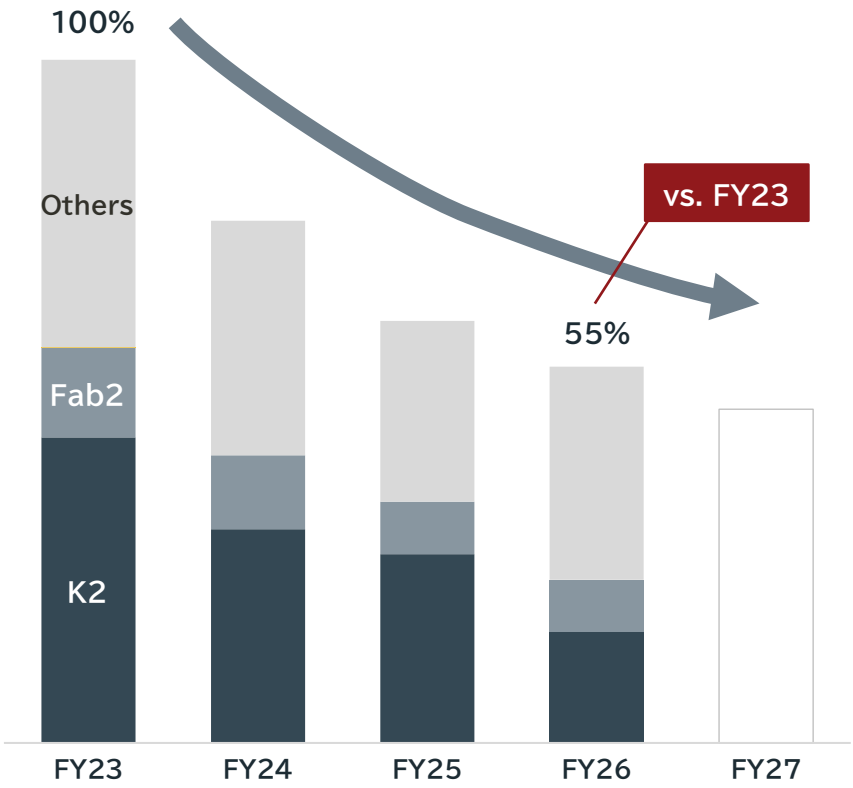
- ✓ Market prices of commodity products declined amid intensifying competition due to the rise of Chinese manufacturers
- ✓ Sluggish sales volumes in major applications, such as IT, resulted in excess production capacity

Measures

- ➢ Concentrate on automotive and mobile/industrial applications where our competitive advantages—technological capability, high reliability, and site location—can be leveraged
- ➢ Carry out asset-light measures that sequentially optimize production capacity and reduce fixed costs

FY2023	FY2024	FY2025 onward
• Production cessation at the Mie No.2 plant • Production cessation of OLED	• Reduced K2 capacity by 25% • Halved Fab2 capacity	• K2 production cessation (December 2026) • Minimized Fab2 capacity (June 2026)

Trend in expenses and fixed costs

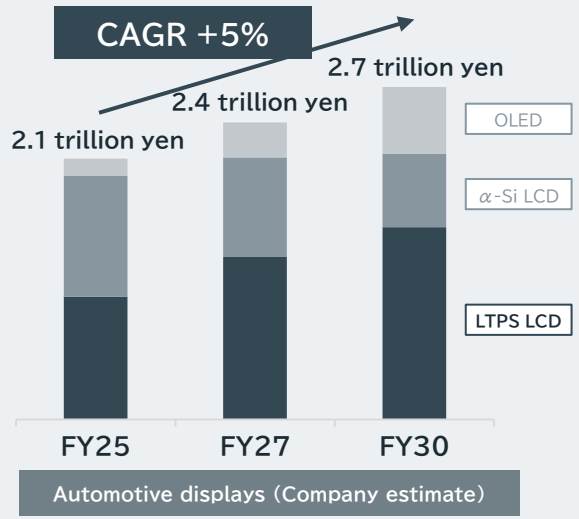


② Profit Improvement through Focus Businesses - K1

From FY2026, **expanding sales through sequential launches of components** for new automotive models, supported by stronger products and development capabilities.

Business Opportunity (Market Size)

- ✓ Demand expands with larger screens and the use of multiple displays
- ✓ LTPS※-based LCDs adopted at K1 grow on demand for higher resolution and lower power consumption
- ✓ Against a backdrop of geopolitical risk, European and U.S. automakers in particular are reviewing procurement sources, tending to avoid procurement concentrated in specific countries or regions



※ LTPS: Low Temperature Poly-Silicon

Major initiatives

Stable supply of newly produced models	✓ Ramp up production of models already ordered, including for a certain automobile customer A (from H2 FY2026) ✓ Strengthen the production structure at the Vietnam assembly base to capture demand for procurement-network reconstruction driven by geopolitical risk
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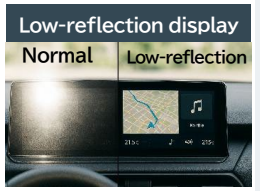
Strengthen product competitiveness	✓ Develop high value-added products - Improved outdoor visibility (low reflection) - High brightness and high contrast 
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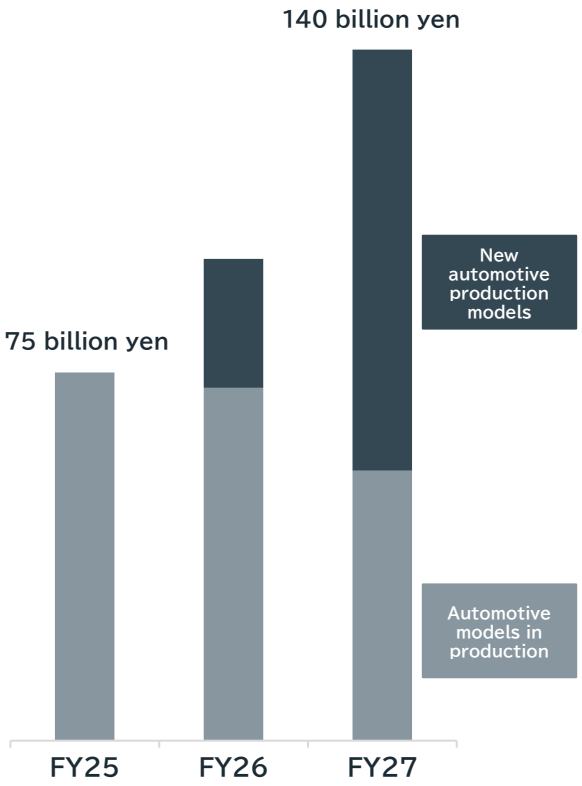
Strengthen the structure	✓ Strengthen automotive development resources to enhance the structure for custom design and improve quality

Sales



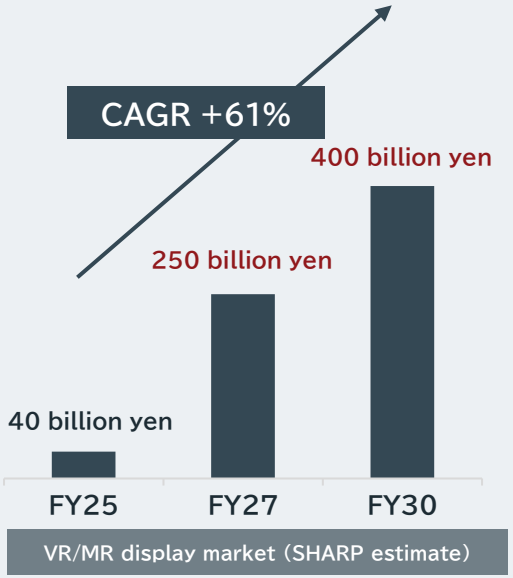
② Profit Improvement through Focus Businesses - H1

Completed transition from smartphone-focused production to a multi-application plant for automotive and mobile/industrial markets.

Maximizing profitability through high-value-added products, including VR/MR.

Business Opportunity (Market Size)

- ✓ U.S. tech giants are leading market formation, and the VR/MR finished-product market is expanding
- ✓ As market penetration increases, demand for related components and devices, including displays, expands



Major initiatives

Accelerate higher resolution

- ✓ Maintain the No.1 position in supplying ultra-high-resolution LCDs over 1000ppi and expand sales as the market grows
- ✓ Refine LTPO※ technology to simultaneously pursue resolution over 1700ppi and power-saving performance

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Strengthen cost competitiveness

- ✓ Consolidate VR/MR production from Fab2 (G4.5) to H1 (G6) to strengthen cost competitiveness

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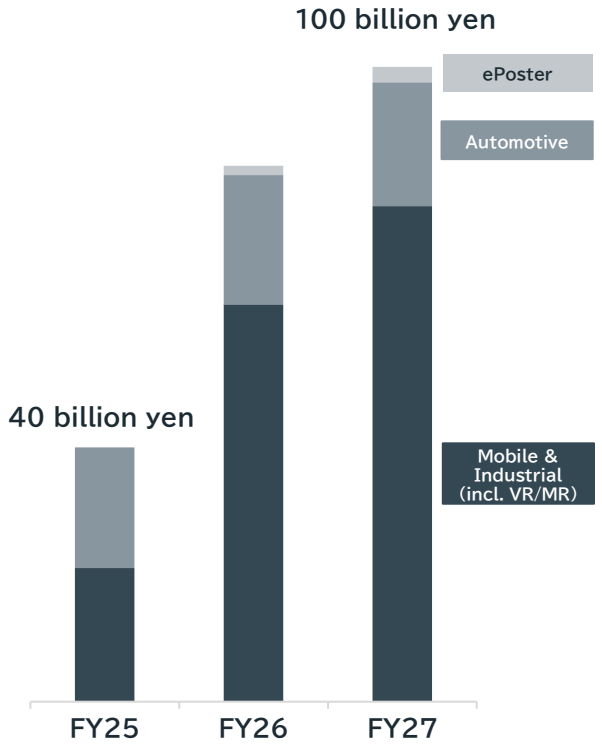
Expand sales of high value-added products

- ✓ Continue the sales of mobile and industrial applications that are expanding from H2 FY2025
- ✓ Pioneer new applications, leveraging high-resolution technology (LTPS) and low-power technology (IGZO) as strengths

※ LTPO: Low Temperature Polycrystalline Oxide

Sales



Aim to generate future growth engines and expand our business domains, leveraging our accumulated display technologies

Deploy non-LCD displays

nanoLED

ePoster

Light-emitting material technology, IGZO technology

Develop new devices

LCD-based Optical Components (light guide plates, variable ND filters, etc.)

Various sensors (odor, fingerprint)

Optical technology, TFT array technology

Explore entry into the semiconductor back-end process market

Contributing to a Back-End R&D Project as a Consortium Member
(Pilot Line Planned for FY2027)

Advanced panel-levelpackaging process development

LCD module assembly technology, panel production technology

Display technology assets

Replace paper media with ePoster through "zero power consumption (during image retention)" × "evolution through IGZO,"

Features of ePoster

- Paper-like visibility
- Capable of displaying images with 0W power consumption※
- Thin, light, and easy to install

※ Power is consumed when rewriting the display

Marketability

- Targeting replacement of paper posters and POP displays used in diverse industries and settings.
- Switching to ePosters helps reduce printing and reinstallation costs, etc.


Restaurant


Supermarket


Digital art


Event venue


Shopping mall


Factory


Bus stop


Disaster-prevention bulletin board

Our advantages

Evolve ePoster with IGZO technology and create new markets

IGZO Therefore

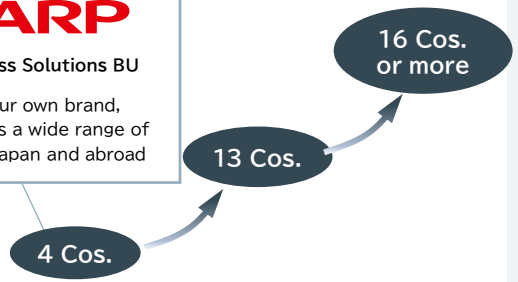
- High image quality / high resolution
- Narrow-bezel design
- Larger screens with high performance

Expand customer base

SHARP

Smart Business Solutions BU

Including our own brand, adopted across a wide range of industries in Japan and abroad



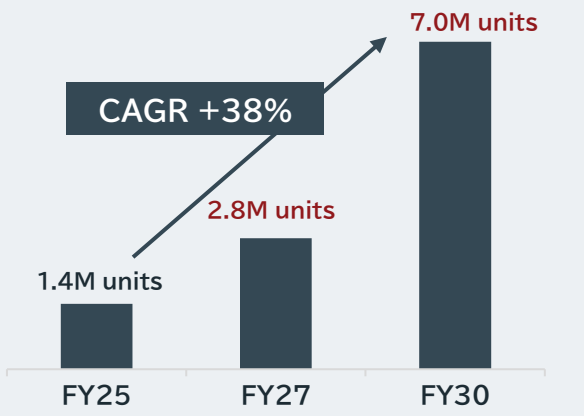
Next-gen ePoster rollout

Pioneer new demand with flexible ePoster

Enter the optical-components business for AR by leveraging the company's strengths, to capture the expanding new market

Business Opportunity (Market Size)

- ✓ Against the backdrop of advances in smart glasses and the entry of major tech companies, the market is expanding as a next-generation information device
- ✓ Use cases expand from industrial (B2B) to general consumer (B2C), expanding demand for related components



AR (display glasses) set market (SHARP estimate)

Business development for AR

Our strengths

- Accumulated LCD technology
- Utilization of existing plants
- Collaboration with partners

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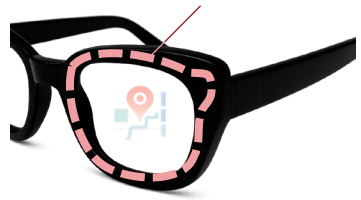
Liquid Crystal Hologram Features

- Thin/lightweight
- High efficiency
- Low cost

Light guide plate for AR (AR glasses lens)



Light guide plate methods for AR

	[Current method] Stacked mirror method	[Current method] Surface hologram method	Liquid crystal hologram method
Features	➢ High display quality	➢ Thin and lightweight	➢ Thin and lightweight ➢ High efficiency ➢ Low cost
Challenges	➢ Thicker than Other Methods ➢ High cost	➢ Off-Axis Light Leakage ➢ High cost	➢ Establish MP process

Structural reforms and the expansion of focus businesses
have put the recovery of continuing businesses on track.
Create new devices to support Brand Business and drive future growth for Sharp

- [Completion of structural reforms]
  With K2 production cessation, reach a milestone in asset-light transformation
- [Strengthen continuing businesses]
  Return to a stable trajectory through sales expansion in growth areas and higher value-added
- [Create new businesses]
  Leverage our technology base to create new devices and achieve further growth

SHARP

In step with your future.