

Fiscal 2020 Review

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

Fiscal 2020 Earnings

The global economy deteriorated rapidly in the first quarter due to the impact of lockdowns and other restrictions in various countries to counter COVID-19. However, economic activity around the world began to pick up in the second quarter. In the latter part of the third quarter and later, new waves of COVID-19 infections led to another round of restrictions and extensions of existing restrictions in various countries. Bottlenecks for semiconductors and other economic issues occurred toward the end of the fiscal year.

Sharp engaged in flexible measures to respond to these dizzying changes in the business environment, striving to ensure the safety of employees and maintain business performance. As a result of our efforts, we experienced a steady recovery in business performance, achieving a significant increase in profits. Operating profit rose 1.6-fold and bottom-line profit increased 3.9-fold.

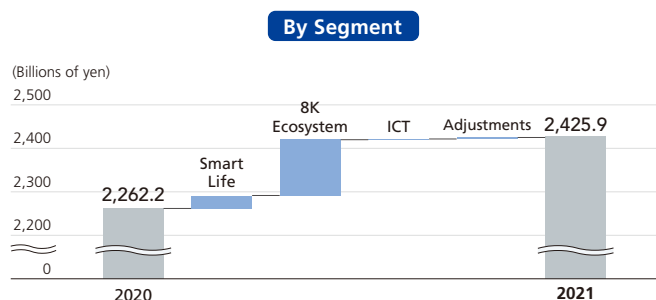
Net sales for fiscal 2020 amounted to ¥2,425.9 billion, up 7.2% year on year, as our three segments of Smart Life, 8K Ecosystem, and ICT all recorded sales increases. Operating profit amounted to ¥83.1 billion, an increase of 61.5% year on year, due to improvements in Smart Life and 8K Ecosystem, despite a decrease in ICT. Ordinary profit was ¥63.1 billion, up 25.9%, and profit attributable to owners of parent amounted to ¥53.2 billion, a 288.0% increase year on year.

At the same time, we endeavored to improve our financial condition by generating free cash flows and reducing interest-bearing debt by ¥52.3 billion compared with the end of the previous fiscal year. In addition, we also endeavored to increase shareholder value by buying back and canceling all classes of shares.

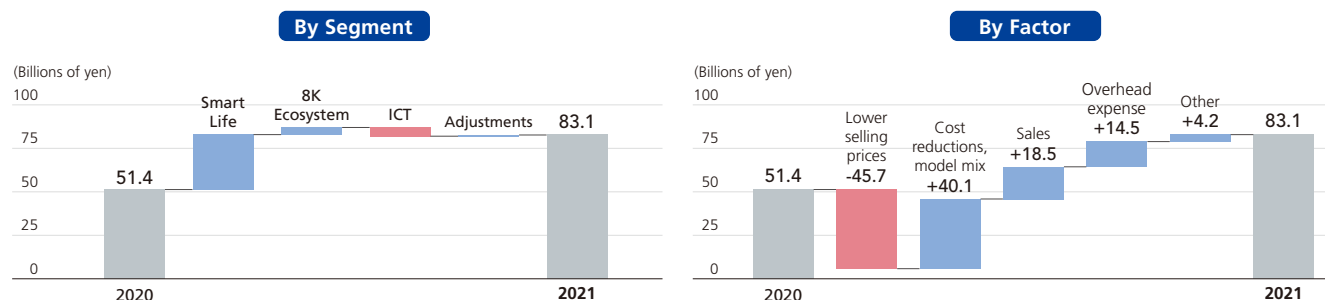
Further, considering our financial position and future business expansion, we increased our annual dividend to ¥30 per share, marking an increase of ¥12 per share compared with the previous fiscal year.

- No resolution to the COVID-19 pandemic, and the global economy experienced semiconductor bottlenecks toward the end of the fiscal year
- Responded flexibly to the rapidly changing business environment, achieving a steady recovery in business performance and significant increase in profit (operating profit: 1.6-fold, bottom-line profit: 3.9-fold)
- Financial position improved through our efforts to improve free cash flow and reduce interest-bearing debt
- Increased shareholder value by buying back and canceling all classes of shares

Analysis of Changes in Net Sales

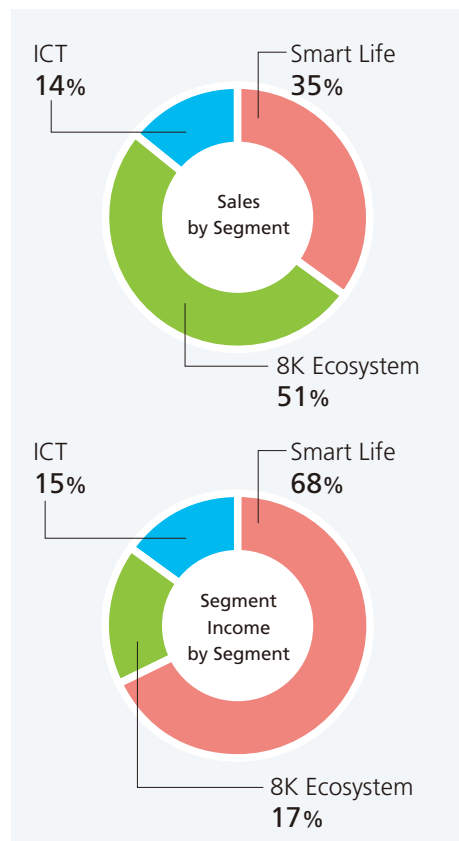


Analysis of Changes in Operating Profit



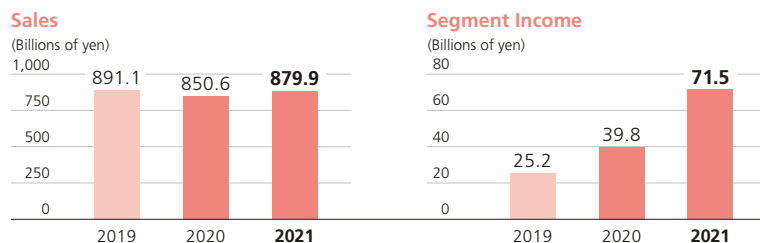
Fiscal 2020 Review

Sales, Segment Income 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 trading. The percentage of segment income in pie charts has been calculated accordingly.
- Beginning with the consolidated fiscal year ended March 31, 2021, the COCORO service business, which was previously under the Smart Life segment, is now included in the 8K Ecosystem segment for presentation. In conjunction with this change, the consolidated financial statements for the fiscal year ended March 31, 2020 have been presented in accordance with this new classification.

Smart Life

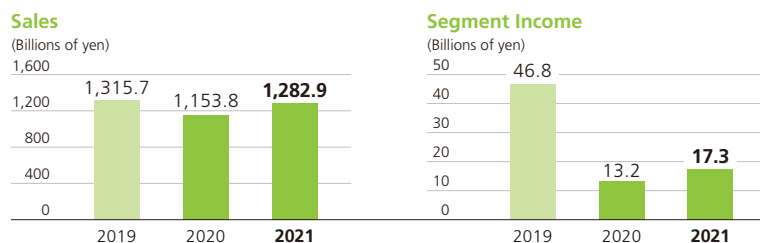


Refrigerators, superheated steam ovens, microwave ovens, small cooking appliances, air conditioners, washing machines, vacuum cleaners, air purifiers, electric fans, dehumidifiers, humidifiers, electric heaters, Plasmacluster Ion generators, beauty appliances, electronic dictionaries, calculators, telephones, network control units, solar cells, storage batteries, camera modules, sensor modules, proximity sensors, dust sensors, wafer foundries, CMOS/CCD sensors, laser diodes

Fiscal 2020 Performance (vs. Fiscal 2019)

Sales of Plasmacluster products in Japan rose significantly, while sales of washing machines, cooking appliances, etc., also rose. In the device business as well, we steadily captured firm customer demand. As a result, Smart Life sales increased. Segment income rose, mainly due to increased sales, cost reductions, and a shift to high-value-added white goods.

8K Ecosystem

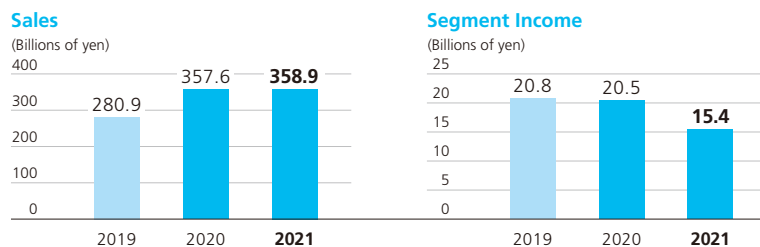


LCD color televisions, Blu-ray Disc recorders, audio equipment, display modules, automotive cameras, digital MFPs (multi-function printers), information displays, commercial projectors, POS systems, FA equipment, options and consumables, office-related solutions services, software

Fiscal 2020 Performance (vs. Fiscal 2019)

Although sales decreased for multi-function printers and panels used in automotive applications, which were significantly affected by COVID-19, sales increased for panels used in PCs and tablets, large-size panels, and finished TVs, resulting in higher 8K Ecosystem sales. Segment income rose, mainly due to an increase in segment sales and progress in cost reductions, despite the impact of declining sales of multi-function printers and panels used in automotive applications.

ICT



Mobile phones, personal computers

Fiscal 2020 Performance (vs. Fiscal 2019)

The mobile communications business grew as we developed products meeting the needs of the market, while PC business sales for GIGA school and other educational applications also increased, resulting in higher ICT sales. Segment income fell, mainly due to an increase in the ratio of mid-range models in the mobile communications business.

Beginning with the consolidated fiscal year ending March 31, 2022, Sharp has reclassified the three segments of Smart Life, 8K Ecosystem, and ICT into five segments, consisting of Smart Life, 8K Ecosystem, ICT, Display Device, and Electronic Devices. (Please refer to P.6.)