

Annual Report 2025

For FY2024 (Fiscal year ended March 31, 2025)



Annual Report 2025

Established Our Direction and New Corporate Slogan rooted in
Our Business Philosophy and Business Creed

Business Philosophy

We do not seek merely to expand our business volume. Rather, we are dedicated to the use of our unique, innovative technology to contribute to the culture, benefits and welfare of people throughout the world.

It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.

Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders ...indeed, the entire Sharp family.

Business Creed

Sharp Corporation is dedicated to two principal ideals:

"Sincerity and Creativity"

By committing ourselves to these ideals, we can derive genuine satisfaction from our work, while making a meaningful contribution to society.

Sincerity is a virtue fundamental to humanity ... always be sincere.

Harmony brings strength ... trust each other and work together.

Politeness is a merit ... always be courteous and respectful.

Creativity promotes progress ... remain constantly aware of the need to innovate and improve.

Courage is the basis of a rewarding life ... accept every challenge with a positive attitude.

Our Direction

To become a company that creates
"New Cultures" through unique
products and services

Our Mission

With sincerity, we observe people's daily lives.
With creativity, we shape new experiences.

- Our Sincerity, Creating Tomorrow -

Business Domain

Living & Working
uniquely yours collaboratively

Strength

Sharp Insight × Distinctive Technology × Speed

New Corporate Slogan

In step with your future.

This slogan expresses our commitment to walk
alongside our stakeholders with sincerity and
creativity, anticipating their wishes and delivering
experiences that bring surprise and joy.

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Forward-Looking Statements

This annual report contains certain statements describing the future plans, strategies and performance of Sharp Corporation and its consolidated subsidiaries (hereinafter "Sharp"). These statements are not based on historical or present fact, but rather assumptions and estimates based on information currently available. These future plans, strategies and performance are subject to known and unknown risks, uncertainties and other factors. Sharp's actual performance, business activities and financial position may differ materially from the assumptions and estimates provided on account of such risks, uncertainties and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events or any other factors. The risks, uncertainties and other factors that could affect actual results include, but are not limited to:

- | | |
|---|--|
| (1) The economic situation in which Sharp operates; | (5) The progress of collaborations and alliances with other companies; |
| (2) Sudden, rapid fluctuations in demand for Sharp's products and services, as well as intense price competition; | (6) Litigation and other legal proceedings against Sharp; |
| (3) Changes in exchange rates (particularly between the Japanese yen and the U.S. dollar, the euro and other currencies); | (7) Rapid technological changes in products and services. |
| (4) Regulations such as trade restrictions in other countries; | |

Financial and Non-Financial Highlights

Sharp Corporation and Consolidated Subsidiaries

	Yen (millions)				
	FY2020	FY2021	FY2022	FY2023	FY2024
Net Sales	¥ 2,425,910	¥2,495,588	¥2,548,117	¥2,321,921	¥2,160,146
Domestic sales	863,154	817,794	800,315	772,968	877,174
Overseas sales	1,562,755	1,677,794	1,747,802	1,548,952	1,282,971
Operating Profit (Loss)	83,112	84,716	(25,719)	(20,343)	27,338
Profit (Loss) before Income Taxes	66,442	89,802	(239,043)	(137,563)	53,637
Profit (Loss) Attributable to Owners of Parent	53,263	73,991	(260,840)	(149,980)	36,095
Net Assets	364,139	469,269	222,362	157,424	167,709
Total Assets	1,927,226	1,956,288	1,772,961	1,590,032	1,453,730
Capital Investment	91,572	51,719	44,512	47,647	29,976
R&D Expenditures	86,793	86,290	78,712	73,015	76,341
Per Share Data					
Basic earnings (loss) per share (yen)	87.20	121.14	(407.31)	(230.99)	55.59
Cash dividends per share (yen)	30.00	40.00	—	—	—
Net assets per share (yen)	573.59	743.70	321.05	219.35	236.20
Return on Equity (ROE)	17.6%	18.4%	(78.7%)	(85.5%)	24.4%
Number of Outstanding Shares (Common Shares) (thousands of shares)	610,801	610,821	649,273	649,301	649,299
Number of Employees	50,478	47,941	46,200	43,445	40,123
Ratio of Disabled Employees	2.46%	2.46%	2.45%	2.58%	2.56%
Greenhouse Gas Emissions (thousand tons CO ₂)	951	1,365	1,125	1,175	820

Note 1: The amount of leased assets is included in capital investment.

Note 2: Basic earnings (loss) per share is calculated by dividing profit (loss) attributable to owners of parent by the weighted average number of shares outstanding during the relevant period. For FY2020, after considering the conversion rate to common shares, the number of Class C shares is included in the number of shares outstanding for the purposes of calculating the weighted average number of shares during the relevant period, as the dividend priority of Class C shares is equal to that of the common shares.

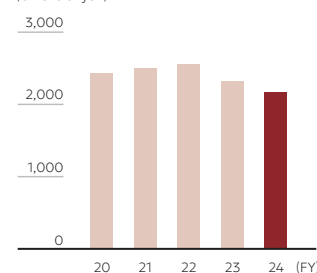
Note 3: Number of outstanding shares (common shares) is shown by deducting the treasury shares.

Note 4: Sharp has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of FY2021. The figures for FY2021 and thereafter represent those after the application of the said accounting standard and other standards.

Note 5: Ratio of Disabled Employees includes data for Sharp, special subsidiaries, and group companies as of June 1 for each fiscal year.

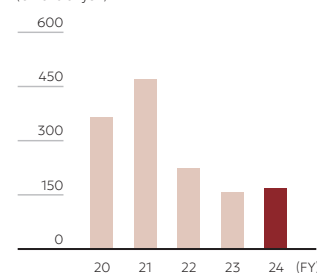
Net Sales

(billions of yen)



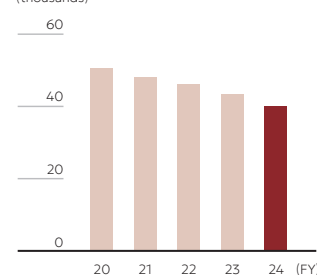
Net Assets

(billions of yen)



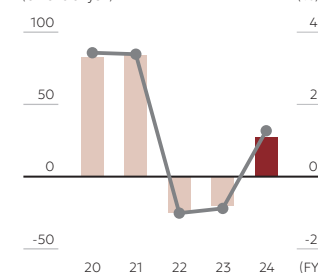
Number of Employees

(thousands)



Operating Profit (Loss)

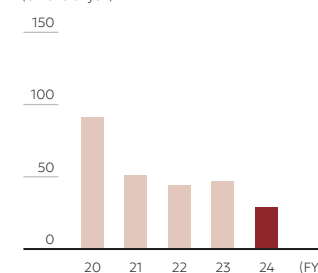
(billions of yen)



■ Operating Profit (Loss) (left axis)
● Ratio to net sales (right axis)

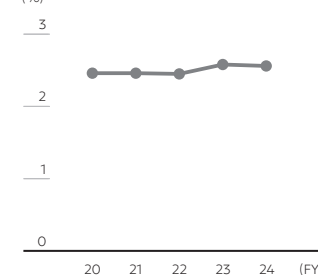
Capital Investment

(billions of yen)



Ratio of Disabled Employees

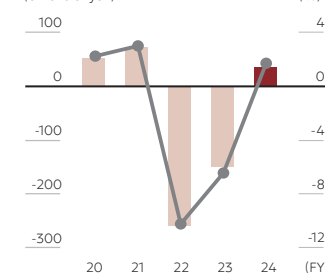
(%)



Please refer to P.28.

Profit (Loss) Attributable to Owners of Parent

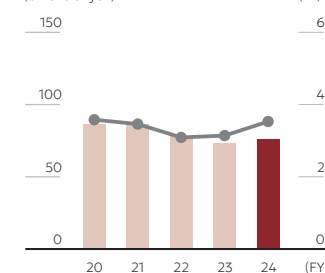
(billions of yen)



■ Operating Profit (Loss) (left axis)
● Ratio to net sales (right axis)

R&D Expenditures

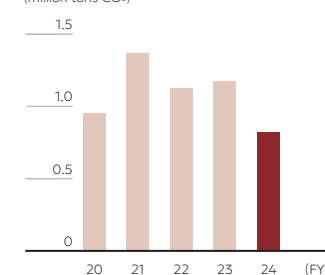
(billions of yen)



■ R&D expenses (left axis)
● Ratio to net sales (right axis)

Greenhouse Gas Emissions

(million tons CO₂)



Please refer to P.25.

| FY2024 Review

Sharp Corporation and Consolidated Subsidiaries

Sharp implemented company-wide initiatives to strengthen profitability in FY2024 under our must achieve goal of returning to profitability during the fiscal year. As a result, the Brand Business achieved double-digit increases in both sales and operating profit, and the Device Business significantly narrowed operating losses through progress in structural reforms in the display business. Although company-wide sales decreased year on year, we returned to profitability with significant increases in operating profit, ordinary profit, and profit attributable to owners of parent. Sales and all profit figures also exceeded the announced forecasts.

Net sales amounted to 2,160,146 million yen, down 7.0% year on year. This result was due to lower sales in the Device Business (Display Device and Electronic Device) offsetting sales growth in the Brand Business (Smart Life & Energy, Smart Office, and Universal Network).

Operating profit amounted to 27,338 million yen, compared to an operating loss of 20,343 million yen in the previous fiscal year. Smart Office recorded a significant increase in profit, driven by robust sales. Universal Network also saw a notable rise in profit, supported by higher sales and one-time income. In Display Device, structural reforms helped narrow losses significantly. On the other hand, profit declined in Smart Life & Energy due to yen depreciation and costs related to ceasing the energy solutions business in Europe. Profit also declined in Electronic Device due to significant fluctuations in customer demand. Ordinary profit amounted to 17,653 million yen, compared to an ordinary loss of 7,084 million yen in the previous fiscal year. This improvement was driven by a significant improvement in operating profit, despite recording foreign exchange losses and other factors. Profit attributable to owners of the parent totaled 36,095 million yen, compared to a loss attributable to owners of the parent of 149,980 million yen in the previous fiscal year. We recorded impairment losses and business restructuring expenses, however, the improvement in ordinary profit and gains on sale of non-current assets, such as LCD panel plants, and gains on sale of investment securities, resulted in a return to profitability for the first time in three fiscal years.

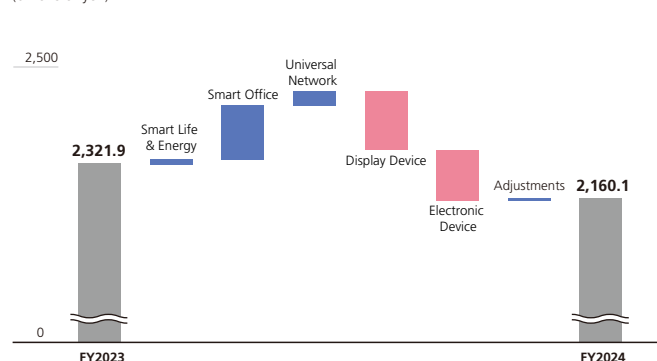
Asset Light Initiatives in the Device Business, set forth in the Medium-Term Management Direction announced in May 2024, were executed steadily in line with the initial schedule. The Brand Business also built a solid foundation for re-growth by implementing structural reforms in low-profit businesses and taking multiple strategic actions toward future growth.

No dividend was paid for FY2024, as retained earnings brought forward showed a deficit in the non-consolidated financial statements.

- Sales increased in all three Brand Business segments compared to the previous fiscal year. Despite the negative impact of the depreciating yen, Brand Business operating profit increased. Although Device Business sales declined, the operating loss significantly narrowed due to the effects of structural reforms in the display business and other factors.
- While net sales decreased, operating profit, ordinary profit, and profit attributable to owners of the parent improved from the previous fiscal year and returned to profitability. Net sales and all profit levels exceeded forecasts.
- We also made steady progress in Asset Light Initiatives and efforts to establish a foundation for FY2025 and beyond.

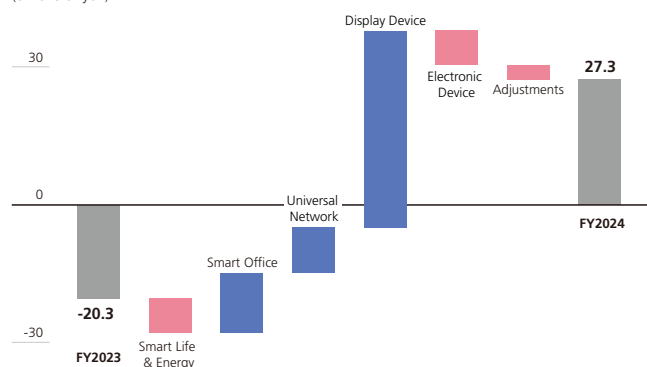
Analysis of Changes in Net sales by Segment

(billions of yen)



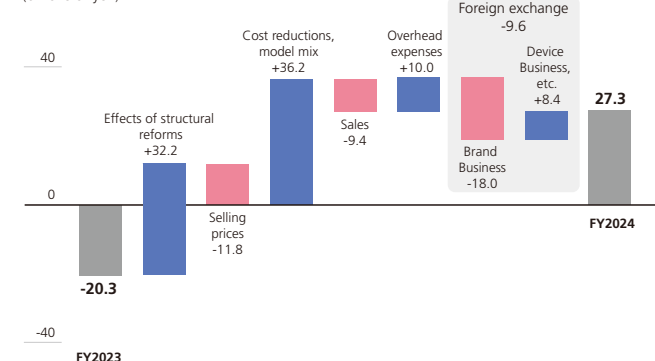
Analysis of Changes in Operating Profit by Segment

(billions of yen)



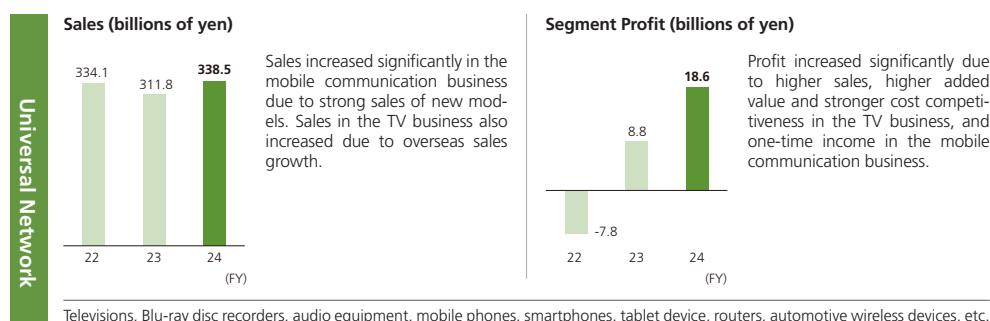
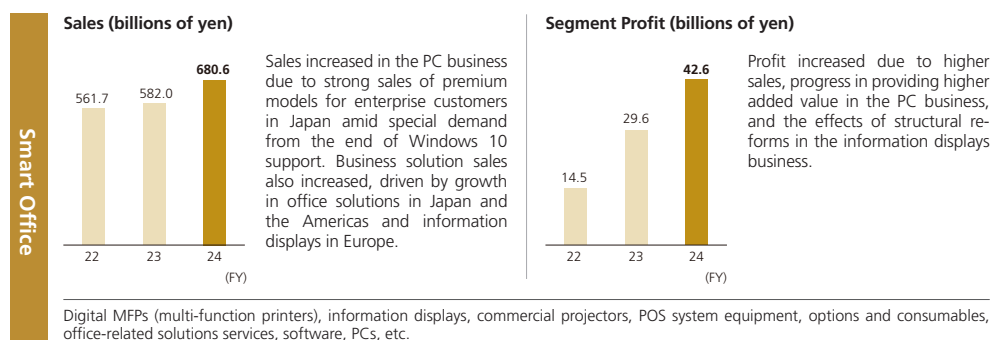
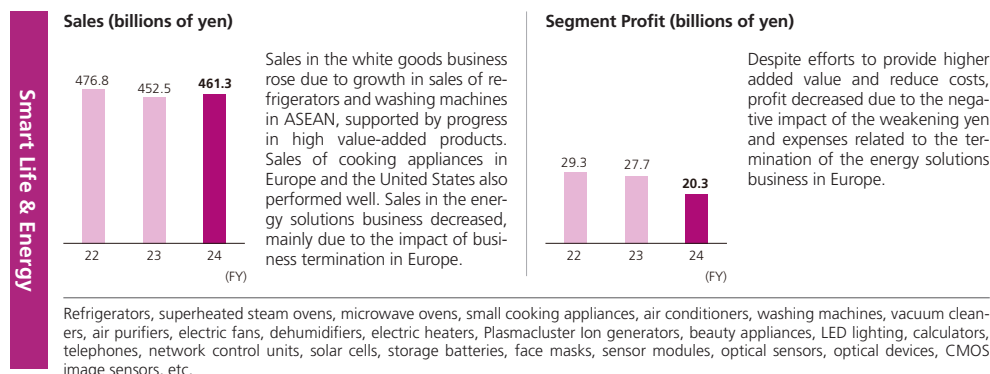
Analysis of Changes in Operating Profit by Factor

(billions of yen)

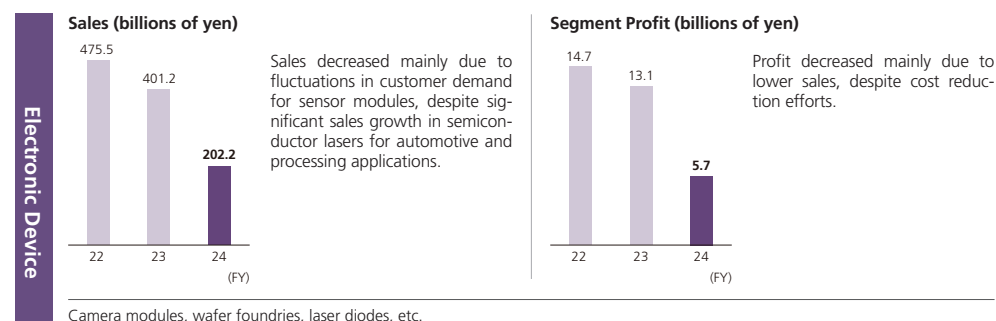
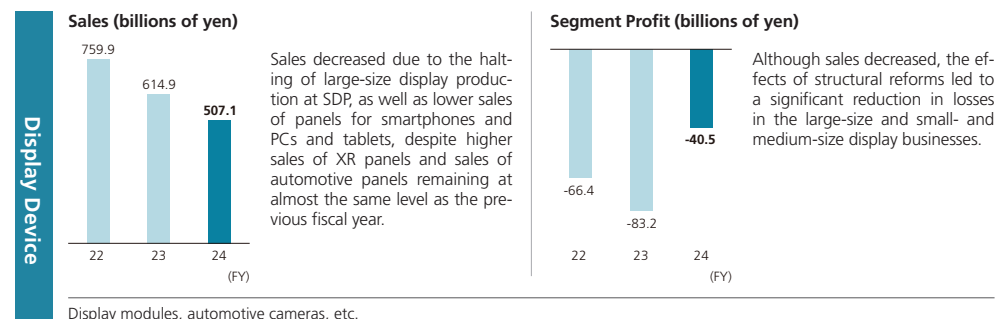


Sales and Segment Profit by Reportable Segment

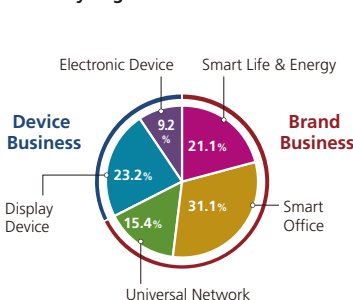
Brand Business



Device Business



Sales by Segment



- Sales figures by segment shown in Segment Information include internal sales and transfers among segments.
- Segment profit figures are amounts before adjustment for inter segment trading.
- Effective from FY2023, we 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 FY2023 have been adjusted to reflect the reclassification.
- Effective from the second quarter of FY2024, Sharp Semiconductor Innovation Corporation, which was previously under the Electronic Device segment, has been included in the Smart Life & Energy segment in accordance with an organizational change. Figures for FY2023 have been adjusted to reflect the reclassification. Figures for FY2022 have not been restated in the segment classification after the change.
- In FY2024, we categorized the Group's reportable segments into five segments: Smart Life & Energy, Smart Office, Universal Network, Display Device and Electronic Device. Effective from FY2025, we have recategorized reportable segments into three segments: Smart Life, Smart Workplace and Display Device. In addition, we group Electronic Device, which is scheduled for business transfer, and Sakai Display Products Corporation, which has halted panel production, under Other and exclude them from reportable segments.

| Message from the President

We formulated Our Mission as *With sincerity, we observe people's daily lives. With creativity, we shape new experiences* to deeply instill the founding spirit throughout Sharp. This statement reflects our intention to revive Sharp's identity.

Throughout our history, we have continuously introduced products distinct from those of other companies and proposed new experiences to people's daily lives. The ability to create such difference is the source of our competitiveness and represents Sharp's identity. However, due to financial difficulties and changes in management, I am deeply concerned that this strength has been gradually fading in recent years. I therefore consider restoring Sharp's identity to be my most important mission. Since assuming the position of President, I have continuously called on all employees to return to *Sincerity and Creativity*, the business creed of our founder, Tokuji Hayakawa. As a result, I feel that changes in employees' awareness are slowly but surely beginning to emerge.

In this context, we have declared our new corporate slogan, *In step with your future.*, as a phrase that expresses the *Sharp-like value* we deliver through our corporate stance and business activities. This phrase embodies our desire to align ourselves with people's daily lives and, by staying slightly ahead of people's hopes that emerge from their daily challenges, deliver new experiences that bring surprise and joy. Under this slogan, we aim to become a company that not only continuously creates unique products and services related to people's Living and Working, but also creates products, services as well as new culture.

Making a shift to regrowth to restore Sharp's identity

Masahiro Okitsu

President Chief Executive Officer
Sharp Corporation



FY2024 Review

The Board of Directors, organized in FY2024, included seven outside directors among its nine members, significantly strengthening the Board's supervisory structure. We appointed executive officers mainly from among members who have long worked at Sharp and are highly experienced in our businesses. In addition, Mr. Liu, Chairman of Hon Hai Precision Industry Co., Ltd. ("Hon Hai"), assumed the position of Chairman of Sharp, further strengthening support from Hon Hai toward our medium- to long-term growth.

Under this new structure, we positioned FY2024 as a year of structural reform and advanced Asset Light Initiatives, returning to profitability.

Our Asset Light Initiatives include the following measures. First, we halted production of large-size displays at Sakai Display Products (SDP) and sold assets. In small- and medium-size displays, we optimized production capacity at each plant and announced plans to transfer the Kameyama No.2 plant, which faces high volatility in business performance, to Hon Hai by August 2026. For the camera module and semiconductor businesses, we concluded transfer agreements with Hon Hai's subsidiaries. In addition, even in the Brand Business, which has been steadily recording profits, we implemented structural reforms for low-profit businesses, including restructuring of the TV and audio factories in Malaysia, and established a foundation toward future growth.

By making significant progress in establishing a business structure centered on the Brand Business, we returned to a positive cash generation cycle in which funds earned through the business can be reinvested into growth areas, and employee motivation has been improving.

Medium-Term Management Plan

Amid these circumstances, we announced the FY2025–2027 Medium-Term Management Plan and made a shift toward regrowth. We will allocate resources intensively to the Brand Business, which serves as the source of profit, and expand investment in people and technology. Specifically, we will implement the following three priority initiatives.

(1) Accelerate Global Expansion and Business Transformation of the Brand Business

To focus and shift our businesses and enhance profitability and growth potential, we reorganized the Brand Business from FY2025 into two business groups, the Smart Life Business Group and the Smart Workplace Business Group, and will expand both products and services.

Over the three-year period of the Medium-Term Management Plan, we will allocate more than double the growth capital to the Brand Business compared with the past, where investment had been limited. We will strengthen competitiveness in existing businesses by measures such as expanding production capacity at factories in ASEAN and the Americas, while accelerating business transformation by proactively pursuing M&A opportunities in growth areas, including the AI and IT solution business, robotics, AIoT services, and beauty and healthcare businesses.

In the Smart Life Business Group, we will work in the Living domain to shift toward a business model utilizing multifaceted data centered on a diverse range of AIoT products, while developing distinctive products and services that deliver new experiences, and expand the SHARP brand globally.

In Japan, we plan to expand generative AI-compatible products to all AIoT home appliances, beginning

with the Healsio water oven. This Healsio product utilizes generative AI technology to provide menu suggestions and cooking guidance through natural conversation. In May, we launched a rental service for the ice slurry refrigerator, which has attracted significant attention as a countermeasure against extreme heat, and we have received numerous inquiries from the construction industry and other sectors. Meanwhile, we aim to capture further business opportunities in ASEAN, a region we consider to be one of the most important in our overseas business. In Indonesia, where we maintain a strong presence, we will enhance high value-added business operations, strengthen branding targeting younger generations, and expand production capacity at local factories, among other initiatives. In the United States, our drawer-type built-in microwave ovens have strong recognition and high reputation. We are leveraging this foundation to expand business from the East Coast to the West, while entering major kitchen appliance categories such as high-speed ovens and strengthening product competitiveness.

In the Smart Workplace Business Group, we aim, in the Working domain, to shift toward a solution-oriented business model by integrating AI, IT, and telecommunication technologies to create new products and services. Furthermore, we will focus intensively on launching new businesses and shift our business portfolio toward areas with higher growth potential.

In the MFP business, we will leverage our No.1 share position in multi-copy machines at convenience stores in Japan to expand public printing and content printing services, while also expanding the MPS business in Europe and the United States, which manages overall office printing operations. We will also continue to enhance the functions and performance of the meeting minutes support solution eAssistant Minutes, which utilizes our proprietary edge AI technology, CE-LLM. Furthermore, we have launched the service for the conversational AI character Poketomo (a pocket-sized friend), developed by the RoBoHoN Mobile Robotic Phone development team. The service has been attracting strong interest since its announcement in August. Please look forward to its release.

(2) Establish a Foundation for Sustainable Business Growth

We will accelerate the development of our core technologies, explore future technologies and expand investment in people, aiming to achieve the Medium-Term Management Plan and drive further growth in the future.

• Accelerating the development of our core technologies

In the past, there was a company-wide initiative under the direct supervision of the President called Sharp Taskforce, which led to the creation of LCD ViewCam video camera, Zaurus PDA, and other distinctive products. Building on this concept, we launched the new Innovation Accelerate Project (I-Pro) in FY2024, with multiple projects underway, including those related to EVs and AI. By flexibly combining company-wide resources and advancing distinctive Sharp technologies, including edge AI (CE-LLM), we will take on the



challenge of creating *Sharp-like* innovation not only in the business domains of Living and Working, but also in Mobility, Space, and other areas.

- **Expanding investment in people**

Our human resource strategy focuses on developing and acquiring talent in AI, digital, and global fields, while also enhancing training programs for all employees. We will also work to improve workstyles, workplace environments, and welfare programs to create an environment where diverse human resources can fully demonstrate their potential, and enhance employee engagement.

Leaders at every level hold the key to organizational transformation. Every employee has their own unique strengths and capabilities, and I believe that the leaders who can draw out employee potential and encourage them are essential. We do not need leaders who only take a defensive stance, nor do leaders have to be perfect. We need leaders who take a proactive stance and take on challenges together with their team members. As such leaders increase, business performance will naturally improve, and I believe more products will be created that truly embody the spirit of *In step with your future*.

(3) Enhance the Capability of Group Management

In line with the recent business reorganization, we clarified the respective roles and responsibilities between the Corporate and Business Groups and strengthened our management team. In the Corporate Group, which I lead as CEO, we have appointed a CFO and CTO, along with a CBDO responsible for developing new global sales channels and a CDO in charge of driving DX initiatives. This strong management team will lead company-wide strategies going forward. Meanwhile, the Co-COOs oversee operations of the Business Group, enabling flexible and appropriate execution of initiatives in each business area.

I have assembled this management team with members who I expect can express their own views with confidence because we believe that both management and the organization can grow through different perspectives and constructive discussions. We cannot restore Sharp's identity with a company made up only of yes-men. As I mentioned earlier, the key to build an effective organization lies in leadership. For this reason, we have first strengthened the management team. Going forward, we will also transform the mindset of leaders at every level, and build a strong organization.

Profit Targets Centered on the Brand Business

By steadily implementing the measures set out in the Medium-Term Management Plan, we aim to achieve a company-wide operating profit of 80.0 billion yen in FY2027, the final year of the plan.

For the Brand Business, we will take on the challenge of achieving an operating profit margin of 7.0% or higher. The Smart Life Business Group aims for an operating profit margin of 6.0% (with a stretch target of 7.0% or higher), while the Smart Workplace Business Group aims for 7.2%.

The Display Device Business will focus on fields where we have competitive strength such as automotive, XR, industrial and other applications. In addition, we will significantly reduce fixed costs by transferring the Kameyama No. 2 plant, which faces high volatility in business performance, to Hon Hai by August 2026. Then, after transferring the plant, we will procure panels from Hon Hai and supply them to key customers. With orders for automotive applications and other fields already secured for FY2026 and improvements in management accuracy, I expect that we will achieve breakeven in FY2026 by addressing the key production

site challenge of improving yield rates. Through these initiatives, we will rebuild a foundation that allows Sharp to consistently record profits.

The goals we have set forth are by no means easy to achieve, but I believe they are fully attainable if every employee remains committed and gives their utmost effort. Even amid an uncertain business environment, we will continue to take bold steps while responding accordingly to ensure we achieve our company-wide operating profit target. On the other hand, due to the impairment losses recorded in the display business in the past, our balance sheet has been significantly damaged. As a result, indicators that show our capital cost and capital efficiency are not functioning effectively at this time. We will improve our balance sheet through the steady implementation of the Medium-Term Management Plan. When our indicators begin to function effectively, we plan to set and disclose appropriate numerical targets that reflect our business portfolio.

Our Future Aspirations

Although we achieved our committed turnaround to profitability in FY2024, I believe that regaining the trust of our stakeholders will only come after we fully complete the Medium-Term Management Plan. Over the next three years, we will steadily accumulate profits and work to strengthen our financial foundation, including improving our equity ratio. At the same time, we aim to become a company that demonstrates long-term growth potential, as all employees boldly take on the challenge of creating new businesses while the headquarters invests in new business seeds for future growth.

This year marks my 45th year with Sharp. I have spent 42 years in the field, and I take pride in knowing frontline better than anyone at headquarters. Even now, while serving at headquarters, I actively visit sites and continue direct dialogue. I want the headquarters to remain strong by first understanding actual on-site conditions, rather than imposing the headquarters' views on our frontlines, which are often busy with day-to-day operations. As for myself, I will continue to demonstrate leadership guided by the mottos I declared upon becoming President and CEO—*make efforts every day and never give up, and Quality First*—and dedicate all my efforts to restoring the identity of Sharp, and returning it to a company that sustains a cycle of growth.

I sincerely ask all our stakeholders for your continued understanding and support in our business activities.



I Medium-Term Management Plan



Access the Medium-Term Management Plan from the link below.
https://global.sharp/corporate/ir/event/policy_meeting/

Access the latest information (financial results) from the link below.
<https://global.sharp/corporate/ir/library/financial/>

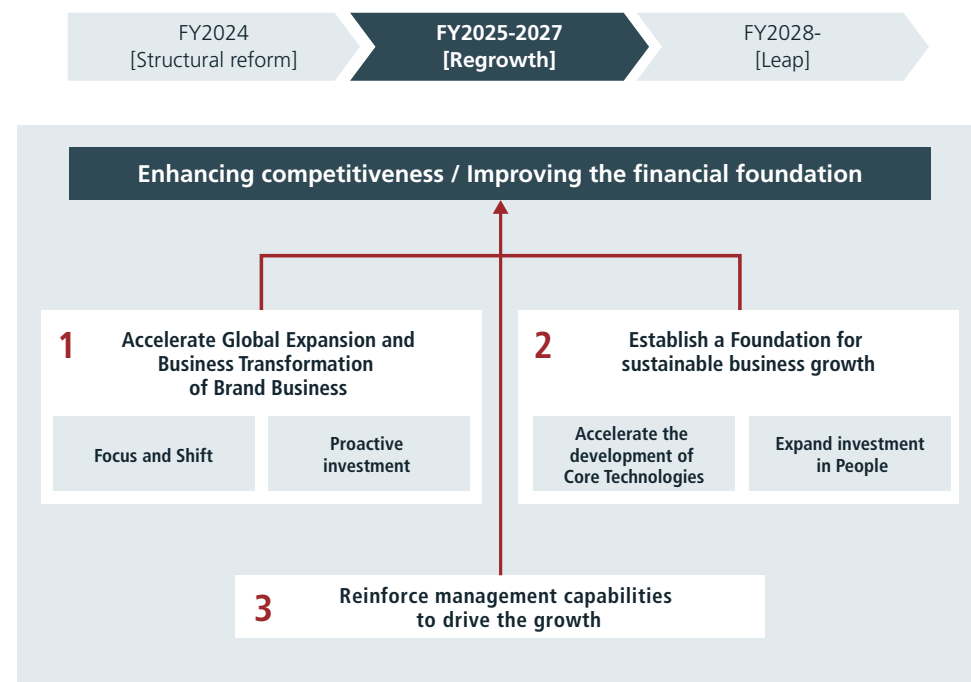
Basic Approach

Sharp has been implementing structural reforms, including Asset Light Initiatives, to establish a business structure focused on the Brand Business. We have also worked to improve profitability through efforts such as reducing losses in the display business, while laying the groundwork for future growth. Building on this foundation, the Medium-Term Management Plan (FY2025–2027) focuses on three key initiatives to enhance competitiveness and strengthen our financial base:

1. Accelerate global expansion and business transformation of the Brand Business
2. Establish a foundation for sustainable business growth
3. Reinforce management capabilities to drive the growth

By steadily implementing these key initiatives Sharp strives to return to a growth trajectory, aiming to connect these efforts to future leaps.

Moving forward to regrowth and future leap by committing to the three key initiatives



FY2027 Financial Targets

Sharp aims to build a corporate structure capable of generating stable profits across the entire company, targeting operating profit of 80 billion yen in FY2027.

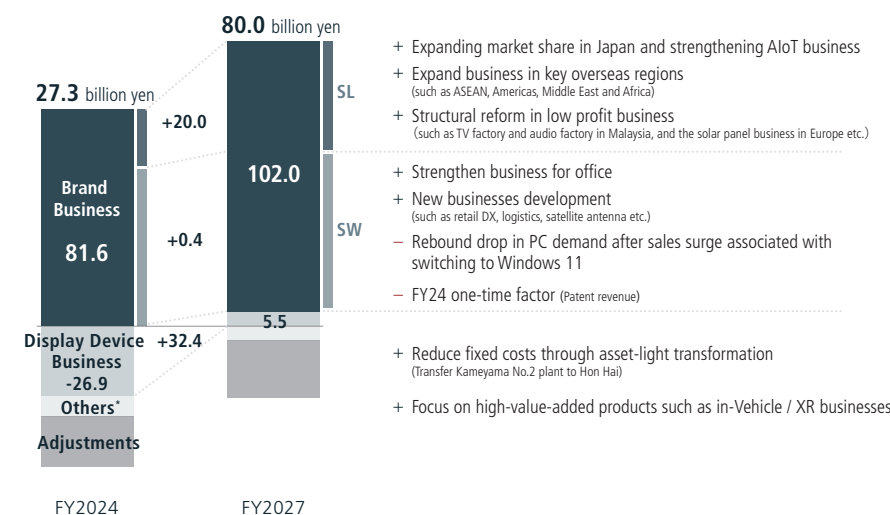
The Brand Business will take on the challenges of achieving an operating margin of 7.0% by strengthening competitiveness further.

The Display Device Business will work to significantly reduce fixed costs and concentrate on high value-added product, aiming to return to profitability.

FY2027 Financial KPI

[the entire company] Operating Profit	[Brand Business] Operating Profit Margin
80.0 billion yen	[Stretch target] 7.0% or higher

Major Improvement Items for Operating Profit



* Sakai Display Product, Camera module, Semiconductor

SL: Smart Life Business Group SW: Smart Workplace Business Group

Strategic Framework (Key Initiatives)

1. Accelerate Global Expansion and Business Transformation of the Brand Business

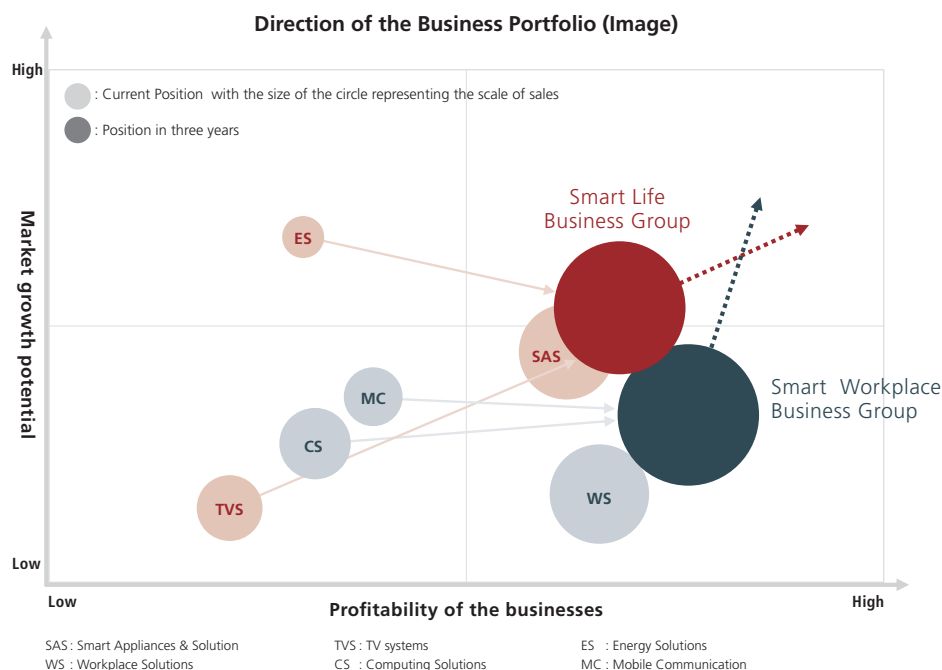
The current Medium-Term Management Plan positions the global expansion and business transformation of the Brand Business as a pillar of our strategic framework and Sharp will make proactive investments. In FY2025, Sharp reorganized the Brand Business into two business groups: Smart Life and Smart Workplace. Both groups will focus and shift businesses, working to enhance profitability and growth potential.

The Smart Life Business Group aims to create new value in the domain of *Living*. The group consists of businesses such as Smart Appliances & Solutions (represented by the white goods business), TV Systems, and Energy Solutions. This group aims to expand the SHARP brand globally by concentrating resources particularly in fields where it can demonstrate strong advantages, as well as by utilizing collaboration with other companies. Furthermore, the group will shift to a business model fully utilizing multifaceted data leveraging a diverse range of AIoT products.

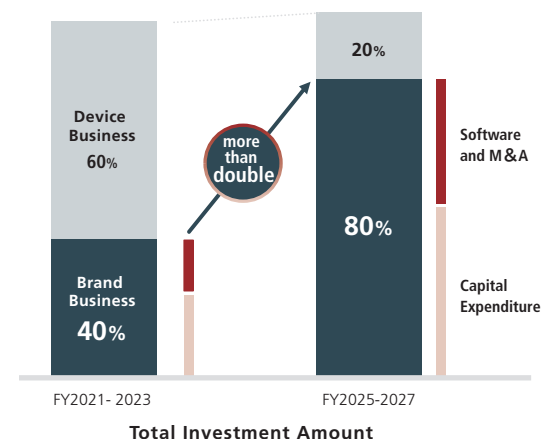
The Smart Workplace Business Group mainly consists of Workplace Solutions, Computing Solutions, and Mobile Communication, and aims to create new value in the domain of *Working*. Through strengthening DX services integrating IT and communication technologies, the group will accelerate its shift to a solution-

oriented business model. The group will also shift its business portfolio toward areas with higher growth potential by focusing on the establishment of new businesses.

To achieve these goals, Sharp will expand investment in the Brand Business under the current Medium-Term Management Plan. Investment in the Brand Business has been limited to date due to a large investment burden in the Device Business. However, our investment flexibility has been enhanced as the Asset Light Initiatives in the Device Business advance, and Sharp plans to allocate more than twice the previous level of growth funds to the Brand Business over the next three years. While strengthening the competitiveness of existing businesses, including enhancing production capacity in ASEAN and the Americas, Sharp will also actively pursue M&A opportunities in growth areas such as AI and IT solution businesses and robotics.



Investment Approach



Software and M&A

- ✓ Strengthen AI/IT solution business
- ✓ Expand robotics business
- ✓ Strengthen AIoT services
- ✓ Accelerate the growth in beauty and healthcare businesses

Capital Expenditure

- ✓ Enhance production capacity to expand business in ASEAN and the Americas
- ✓ Develop perovskite and space-qualified solar cells
- ✓ Develop LEO satellite communication related technology

2. Establish a Foundation for Sustainable Business Growth — Accelerating the Development of Core Technologies

Sharp will focus on accelerating the development of core technologies that serve as sources of competitiveness for future leaps.

Under this initiative, we launched the Innovation Accelerate Project (I-Pro) in May 2024. I-Pro is a company-wide project, directly supervised by President, that evolved from the Sharp Taskforce, which produced numerous distinctive products such as the LCD ViewCam video camera and the Zaurus PDA.

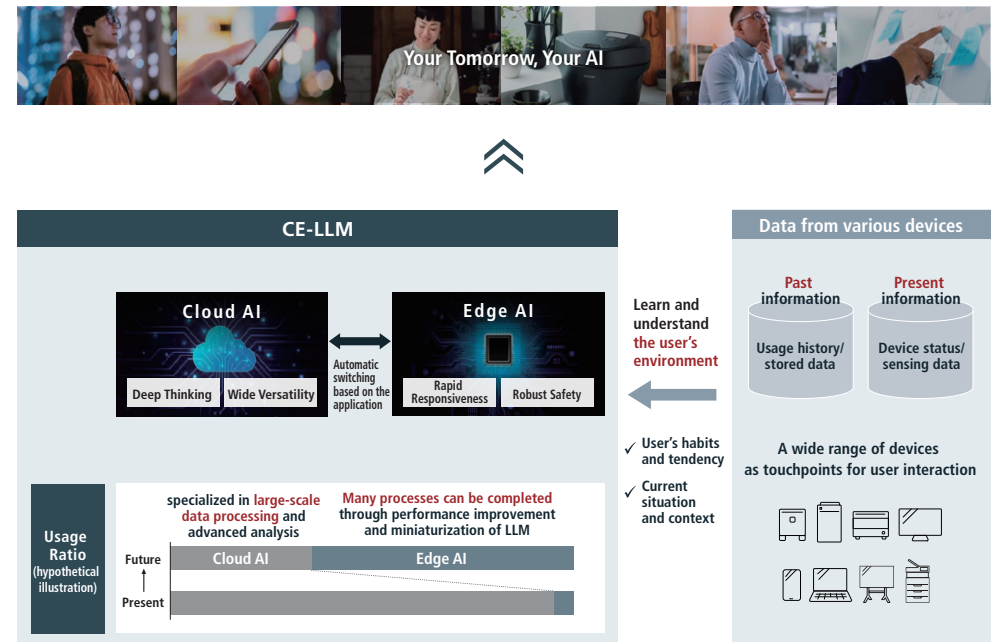
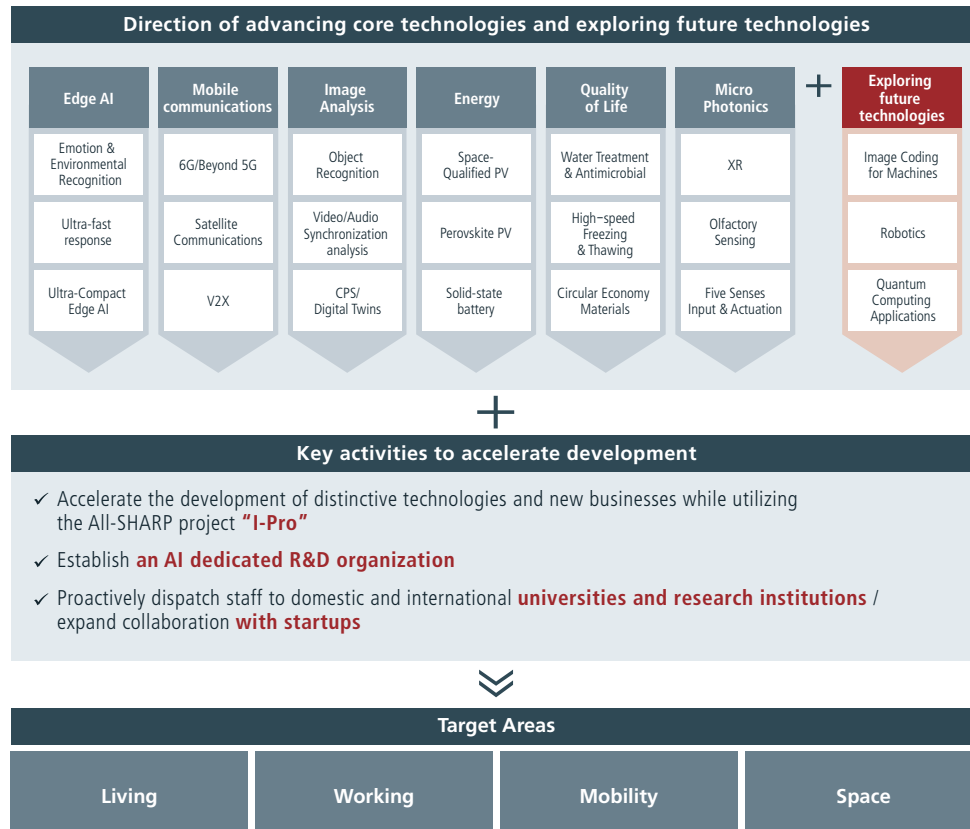
Sharp currently implements projects related to electric vehicles (EVs) and AI. By utilizing company-wide resources flexibly, we will accelerate the development of distinctive technologies and the creation of new businesses.

In the field of AI, we are strengthening our proprietary AI technology CE-LLM,* and plan to establish a

new specialized organization for AI research and development. We will also actively pursue collaboration with universities, research institutes, and startups both in Japan and overseas.

Through these initiatives, Sharp will further deepen our unique technologies across various fields, including edge AI, telecommunications, image analysis, energy, quality of life, and micro photonics, while increasing the proportion of R&D focused on exploring technologies required for the future and creating new innovations.

* CE-LLM (Communication Edge-LLM) is Sharp's proprietary edge AI application technology that switches between edge AI and cloud AI according to the application. CE-LLM is a registered trademark of Sharp.



Please refer to R&D, Intellectual Property, and Standardization on page 20.

2. Establish a Foundation for Sustainable Business Growth — Expanding Investment in People

Sharp intends to strengthen our investment in people to maximize the potential of each employee, the driving force behind company growth. Specifically, we will focus on developing and acquiring human resources that support growth, including AI and digital talent and global talent, while also working to enhance organizational capabilities by enhancing the development of next-generation management leaders and training programs by job level.

Furthermore, we will advance initiatives to create an environment where diverse human resources can actively contribute. Such initiatives include increasing the ratio of female managers, expanding opportunities for senior employees, enhancing investment in workplace and IT environments, improving employee benefits, and implementing health management. Under our efforts to invest in people, Sharp also plans to relocate the company head office to Chuo Ward, Osaka City, a more convenient location, following the sale of the headquarters factory building that Sharp owns in Sakai City, Osaka.



*Utilizing the survey system by Link and Motivation Inc.: "B rate" represents the national average level, while "A rate" represents the top 20% of companies

Cultivating and Acquiring Human Resources to Facilitate the Growth

Cultivate AI/Digital talents	Strengthen global talent	Enhance organizational capability
- Introduce a reskilling program for Engineers [AI/Digital Engineers] FY24: 1,600 FY27: 3,200 - Bottom-up enhancement of AI skills and Knowledge of all employees - Strengthen recruitment of highly specialized talent (Provide competitive treatment through flexible reward design)	- Expand global talent development program - Strengthen HR management from a company-wide perspective - Expand basic training and provide opportunities for working overseas - Organize structured OJT for future executive candidates - Strengthen recruitment of talent with overseas experience	- Strengthen the development of next-generation executive talent - Clarify the profiles of the talent in need - Establish a structured development process - Expand hierarchy training [Annual training expenditure] more than double compared to current levels - Manager: Introduce a new training program - Staff: Implement training in five levels (currently two levels)

Building an Environment that Enables Diverse Talent to Thrive

- Increase the ratio of female managers - Effective use of the experienced and skilled senior employees	- Expand investment for the work/IT environment - Strengthen employee benefits and enhance health management	To open new headquarters (Chuo Ward, Osaka City around March, 2026)
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3. Reinforce Management Capabilities to Drive the Growth

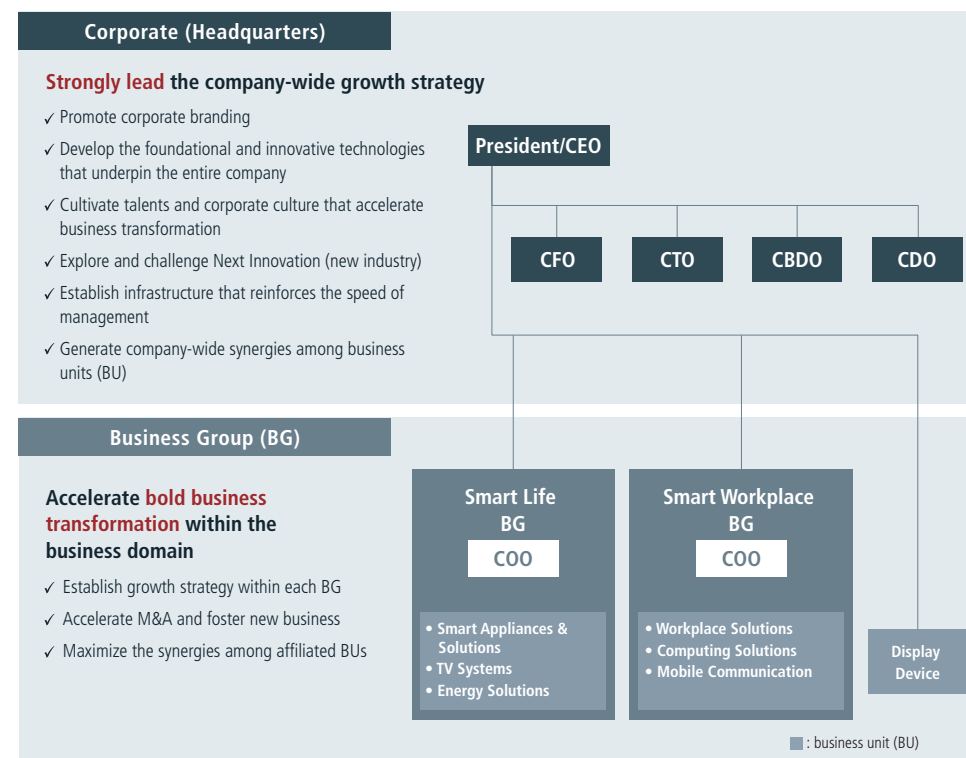
Sharp made a change to our organizational structure in April 2025, clarifying the roles and responsibilities between Corporate (Headquarters) and Business Groups. This change aims for speedier management and stronger business growth.

At the Corporate level, five executives, the CEO, CFO, CTO, and the newly established CBDO*¹ and CDO*², now take the lead in driving the company-wide growth strategy of Sharp as a strong headquarter.

Meanwhile, the Business Groups, led by two heads of each Business Group who serve as COOs, are responsible for developing growth strategies for each business domain, accelerating the creation of new businesses and M&A activities, and maximizing synergies among business units to further accelerate business transformation.

*1 CBDO: Chief Business Development Officer

*2 CDO: Chief Digital Officer



■ Initiatives Policy by Business Segment



Access the Medium-Term Management Plan from the link below.
https://global.sharp/corporate/ir/event/policy_meeting/

Access the latest information (financial results) from the link below.
<https://global.sharp/corporate/ir/library/financial/>

Brand Business Smart Life Business Group

Strategic Framework

Creating a tomorrow that's uniquely yours, exciting and full of joy.

In the Smart Life Business Group, the Smart Appliances & Solutions, TV Systems, Energy Solutions, and Sensor Devices businesses collaborate to develop original products that offer new experiences, while deploying unique services that align with each person.

In addition, we aim to deliver unique value to customers around the world and promote the SHARP brand globally.

Develop original products that offer a new experience

by utilizing distinctive technologies such as AIoT and generative AI

Deploy unique services that align with each person

by utilizing a variety of data

Smart Appliances & Solutions



TV Systems



Energy Solutions



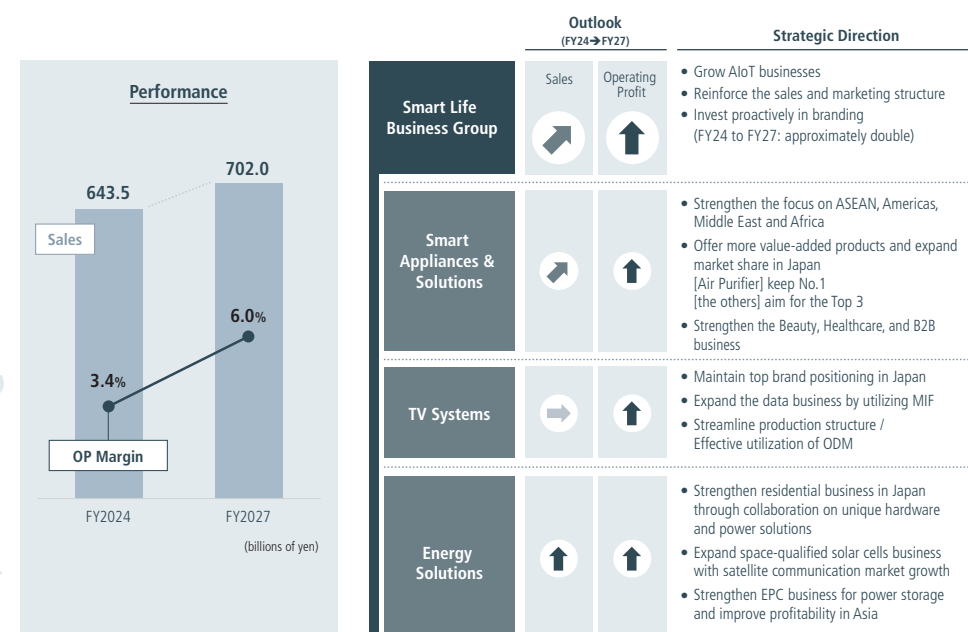
Sensor Devices



Performance Targets

In FY2024, the Smart Life Business Group recorded 643.5 billion yen in sales and an operating profit margin of 3.4%. We aim for 702.0 billion yen in sales and a 6.0% operating profit margin in FY2027 through AIoT business expansion, strengthened marketing and sales structures, and proactive brand investment.

Smart Appliances & Solutions will strengthen business in the priority areas of ASEAN, the Americas, and the Middle East and Africa, pursue higher added value and market share expansion in domestic businesses including AIoT, and advance the expansion of the beauty and healthcare and B2B businesses. TV Systems will strive to maintain top domestic brand positioning and leverage ODM to strengthen competitiveness in overseas markets. Energy Solutions will strengthen the residential business in Japan, capture demand for storage batteries, as well as work to expand the space-qualified solar cells business.

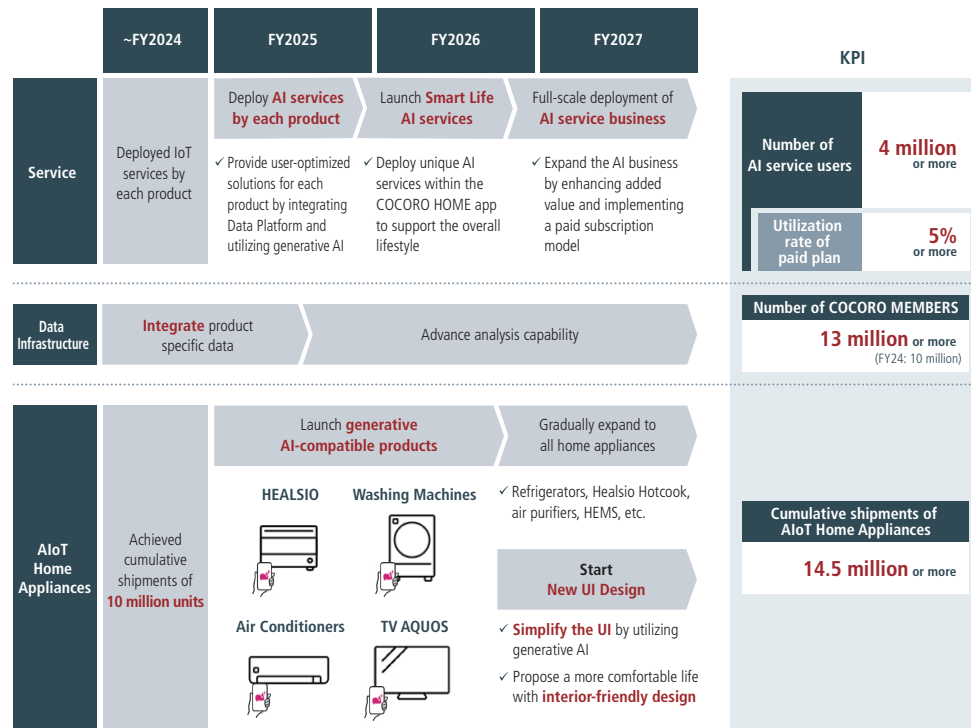


AIoT Business

The AIoT business is the most important business in the Smart Life Business Group.

Sharp was the first domestic company to launch sales of AIoT home appliances. To date, we have shipped over 10 million AIoT home appliances, while working to expand functions and services that enhance product usability. We began introducing products compatible with generative AI in FY2025. Looking ahead, we aim to significantly change product design and form, including simplifying the user interface through the use of generative AI.

At the same time, we integrate customer data obtained from AIoT home appliances that had previously been separated by product category. Leveraging this integrated data as a strength, we aim to launch new AI services and expand both products and services in the AIoT business.



Strengthening the Beauty and Healthcare Business

In this business, we will focus on addressing issues related to beauty and health.

In the beauty field, we focus on the Plasmacluster Beauty series, which applies Sharp's proprietary Plasmacluster technology. We will expand the product lineup in hair dryers and hair irons and also roll out new categories such as body care products. Together with these efforts, we establish a unique brand image that reflects Sharp's identity.

In the healthcare field, we will actively pursue new businesses, such as i-wellebe, a health management solution utilizing contactless sensing technology, and bitescan, a chewing monitor. We intend to propose unique solutions to various social issues in the healthcare field.



Solution to Beauty Challenges

- Expand the lineup of hair dryer and hair iron such as the **Plasmacluster Beauty** series
- Challenge new categories** through launching in-house development of body care products and M&A
- Rebuild brand communication** by strengthening marketing activities through SNS/KOL* to establish a unique brand image that reflects Sharp's identity

*Key Opinion Leader



Solution to Health Challenges (Healthcare)

- Accelerate the creation of new business aimed at monitoring and improving health status based on **our unique contactless sensing technology**
 - Monitoring and exercise management solution for corporate customers: i-wellebe (In addition to facial recognition, measure and record vascular information, heart rate, and temperature all at once)
 - Development of smart mirror
- Propose solutions that address various social issues through **SHARP Insight**
 - Chewing monitor: bitescan
 - IoT dispenser for sanitary napkins
 - IoT measuring device (Visualization of FMCG*)

*Fast-Moving Consumer Goods

Expansion of Overseas Business

We are accelerating the expansion of our overseas business, positioning ASEAN, the Americas, and the Middle East and Africa as priority areas.

In ASEAN, a core area where high economic growth is expected, we will continue working to enhance the added value of our business. We will also strengthen competitiveness in the TV business by improving supply chain efficiency, including through the utilization of ODM. Furthermore, Sharp will expand investment in marketing and branding. Through these initiatives, we aim to achieve higher sales growth and improved profitability.

In the Americas, we hold a solid market position in microwave drawers. We will build on this strength to enter major categories of kitchen appliances and enhance product competitiveness. In the TV business, we aim to develop sales channels through collaboration with other companies.

In the Middle East and Africa, Sharp will reinforce our strategic partnership with El Araby (Egypt) in both production and sales, working to establish a solid business foundation for the future.

Key Initiatives		KPI				
Core Area	ASEAN	• Accelerate increasing value added to the home appliance business in line with economic growth • Strengthen competitiveness in TV business through supply chain optimization using ODM • Reinforce the brand proposition centering on high-value-added products and branding activities for the youth segment [FY27 Brand Investment Amount] 1.5 times compared to FY24 <table><tr><td>[ALL-ASEAN] TV (Large model)</td><td>29% ▶ 34%</td></tr><tr><td>[Indonesia] Air conditioner (Inverter model)</td><td>15% ▶ 30%</td></tr></table>	[ALL-ASEAN] TV (Large model)	29% ▶ 34%	[Indonesia] Air conditioner (Inverter model)	15% ▶ 30%
	[ALL-ASEAN] TV (Large model)	29% ▶ 34%				
[Indonesia] Air conditioner (Inverter model)	15% ▶ 30%					
Growth Area	Americas	• Enter and expand in the major category of kitchen appliances, centered around unique microwave drawers that maintain a solid position in the market - Enter the large-size oven market in earnest and strengthen the competitiveness of dishwashers • Cultivate the sales network through collaboration with TV OS partners • Reinforce brand investment primarily in kitchen appliances [FY27 Brand Investment Amount] 5.5 times compared to FY24 <table><tr><td>Sales CAGR (FY24 → FY27)</td><td>+15% or more</td></tr></table>	Sales CAGR (FY24 → FY27)	+15% or more		
	Sales CAGR (FY24 → FY27)	+15% or more				
Middle East and Africa	• Reinforce the strategic partnership with El Araby (Egypt) - Expand operations in the region, centered around the newly established large refrigerator factory - Additionally, strengthen collaboration in the sales network with the company <table><tr><td>Sales CAGR (FY24 → FY27)</td><td>+10% or more</td></tr></table>	Sales CAGR (FY24 → FY27)	+10% or more			
Sales CAGR (FY24 → FY27)	+10% or more					

Expansion of Overseas Business - Indonesia

Sharp has been operating in Indonesia for more than 50 years and holds the No.1 market share in four major product categories: refrigerators, washing machines, air conditioners, and microwave ovens. We also established a strong brand presence, receiving the Top Brand Award in multiple categories. In addition, our local production and service systems, which we have built and refined over many years, have become major competitive advantages.

We will build on these strengths to add more value to our products through larger sizes, functional improvements, and local fit, while reinforcing branding activities focused on the younger generation. We aim to steadily capture market growth and expand business further by continuously enhancing the production capability of our factory to meet strong demand.

Furthermore, Sharp intends to roll out initiatives developed in Indonesia to other ASEAN countries.

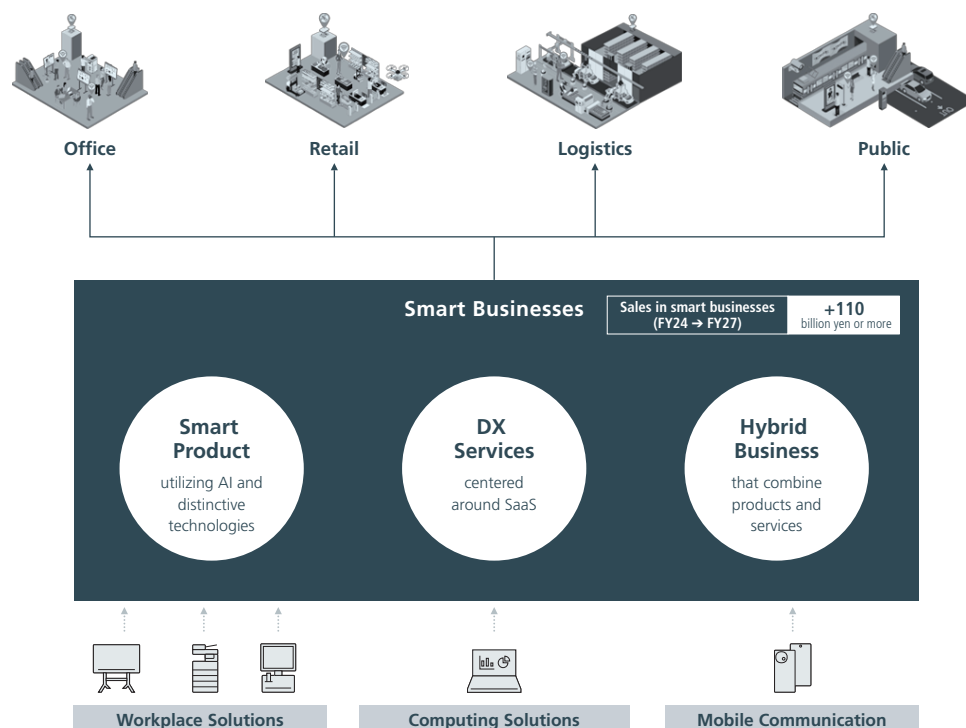
Opportunities									
"Increase in unit price" by targeting affluent and middle-class Affluent and Middle-Class Households Approximately double from 2019 to 2030 (in ASEAN)	"Increase in units" by increasing the penetration rate Population 280 million (4th in the world) Household Appliance Penetration Rate <table> <tr> <td>Refrigerator</td><td>55%</td> </tr> <tr> <td>Washing Machine</td><td>48%</td> </tr> <tr> <td>Air Conditioner</td><td>25%</td> </tr> <tr> <td>Flat-screen TV</td><td>70%</td> </tr> </table> (SHARP research)	Refrigerator	55%	Washing Machine	48%	Air Conditioner	25%	Flat-screen TV	70%
Refrigerator	55%								
Washing Machine	48%								
Air Conditioner	25%								
Flat-screen TV	70%								
Long-standing competitive advantage Brand Presence • No.1 market share in the four major categories (Refrigerators, Washing Machines, Air Conditioners, and MWOs) • Received the Top Brand Award in multiple categories Domestic Production Site • Core factory of the home appliances in Kalawan area (The Indonesian government's policy prioritizing local products is also a tailwind) Domestic Service Network • A well-established service network that reaches the island: A total of 498 locations	Key Initiatives • Adding more value to offer products characterized with larger size, functional improvement, and local fit • Reinforce the branding activities focused on the youth segment • Enhance the production capability of the factory to meet strong demand								

Brand Business Smart Workplace Business Group

Strategic Framework

Empowering global collaboration through technology and networks.

In the Smart Workplace Business Group, the Workplace Solutions, Computing Solutions, and Mobile Communication businesses collaborate to continuously enhance existing products while developing smart businesses that support the digital transformation (DX) of our customers.



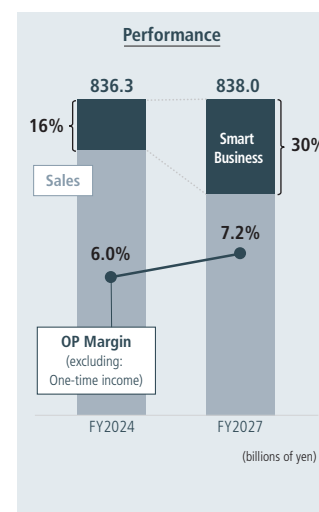
Performance Targets

In FY2024, the Smart Workplace Business Group recorded 836.3 billion yen in sales and an operating profit margin of 6.0% (excluding one-time income). The group aims for 838.0 billion yen in sales and an operating profit margin of 7.2% in FY2027 through focused efforts in the smart businesses to strengthen smart products, DX services, and hybrid businesses.

Workplace Solutions strives to strengthen office solutions and expand convenience store print services, signage solutions, and robotics businesses.

Computing Solutions strives to maintain the No.1 market share in Japan for B2B laptops and strengthen the generative AI and LCM* solutions businesses. Mobile Communication will enhance brand strength in the smartphone business, introduce new wearable products, and work to establish a satellite communication business utilizing low earth orbit (LEO) satellite communication antenna.

* Life Cycle Management: A comprehensive service covering all processes from PC selection, procurement, installation, deployment, operation, maintenance, and removal to renewal.



	Outlook (FY24→FY27)		Strategic Direction
	Sales	Operating Profit	
Smart Workplace Business Group	→ ^{*1}	→ ^{*1}	- Enhance smart businesses (1) Smart products utilizing AI and distinctive technologies (2) DX services centered around SaaS (3) Hybrid Businesses that combine products and services
Workplace Solutions	↗	↗	- Enhance office solutions - Expand print services at convenience stores and public print services - Expand the public signage business utilizing LFD, dVtLED, and ePoster - Expand the robotics business for supporting factory innovation
Computing Solutions	↘ ^{*2}	↘ ^{*2}	- Keep No.1 market share in B2B laptop segment in Japan - Enhance solution businesses that utilize generative AI and LCM - Expand AI implementation support services
Mobile Communication	↗	↑	- Enhance brand presence in smartphone business and launch new wearable devices (keep No.1 share in Android market for both B2C and B2B in Japan) - Offer a dialogue solution PF utilizing generative AI - Launch a satellite communication business utilizing Low Earth Orbit (LEO) satellite

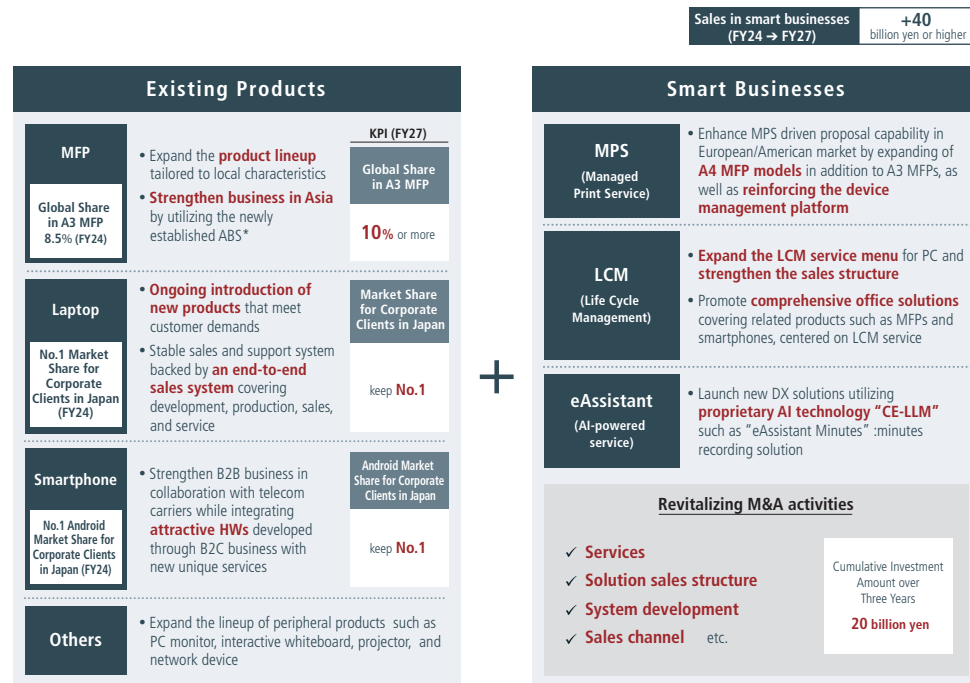
*1 excluding one-time income in FY24 *2 Rebound drop in PC demand after the sales surge associated with switching to Windows 11

Expansion of Business for Office

The office solutions business is the core business of the Smart Workplace Business Group. The group will maintain and increase market presence and accelerate transformation of the business model through enhancement of existing products and the development of smart businesses.

Sharp offers a wide range of office-related products, including MFPs, laptops, and smartphones, each with a strong customer and business foundation. Leveraging these strengths, we will continue to enhance product competitiveness, expand product lineup, and strengthen sales and service capabilities.

Furthermore, we will expand and strengthen our smart businesses through various initiatives, including the enhancement of Managed Print Service (MPS) in the European and American markets, comprehensive office proposals centered on LCM for PCs, and the development of DX solutions utilizing Sharp's proprietary AI technology CE-LLM, such as the meeting minutes support solution eAssistant Minutes. We will also pursue business expansion through active use of M&A targeting IT service companies and other organizations to expand sales channels, sales force, and services.



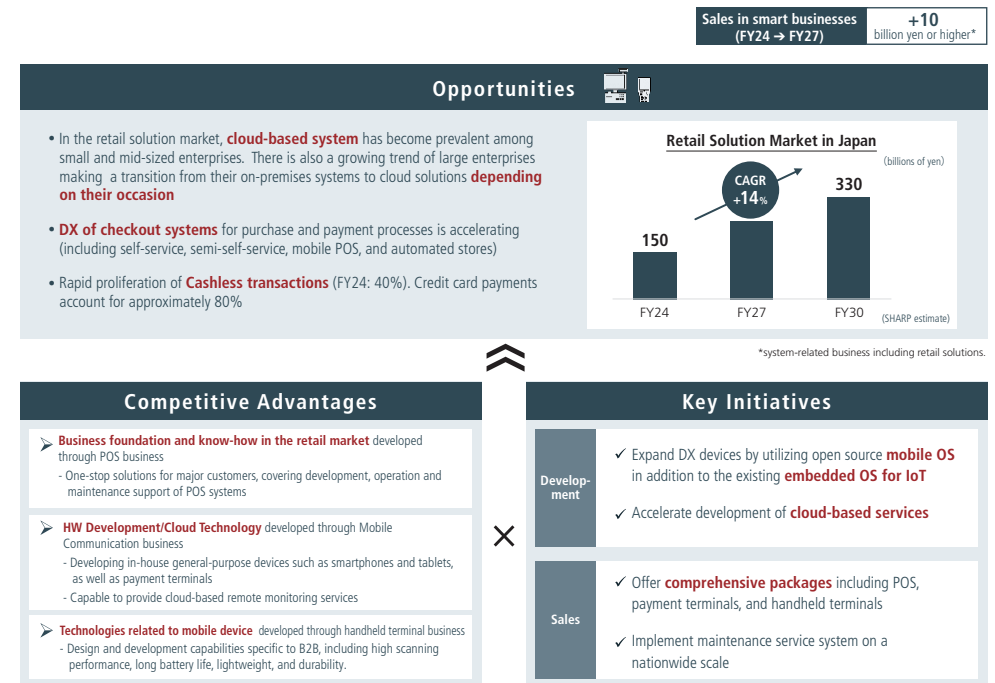
Development of New Smart Businesses

1. DX Services for Retail Sector

The retail industry in Japan is undergoing significant change and expansion with the advancement of cloud adoption, DX in checkout systems such as self-checkouts, and the proliferation of cashless payments.

In this environment, we will accelerate the development of DX devices and cloud-based services utilizing mobile OS by integrating the expertise and technologies cultivated through our POS, mobile communications, and handheld terminal businesses.

Building on these efforts, we will work to expand business further by building a unique retail solution platform that provides comprehensive packages including POS, payment terminals, and handheld terminals. To support AI and DX initiatives for customers facing serious labor shortages, Sharp will roll out various solutions, including cashless solutions and eAssistant Concierge, an AI dialogue services for hotels and other lodging facilities.



* Asia Business Solution Center

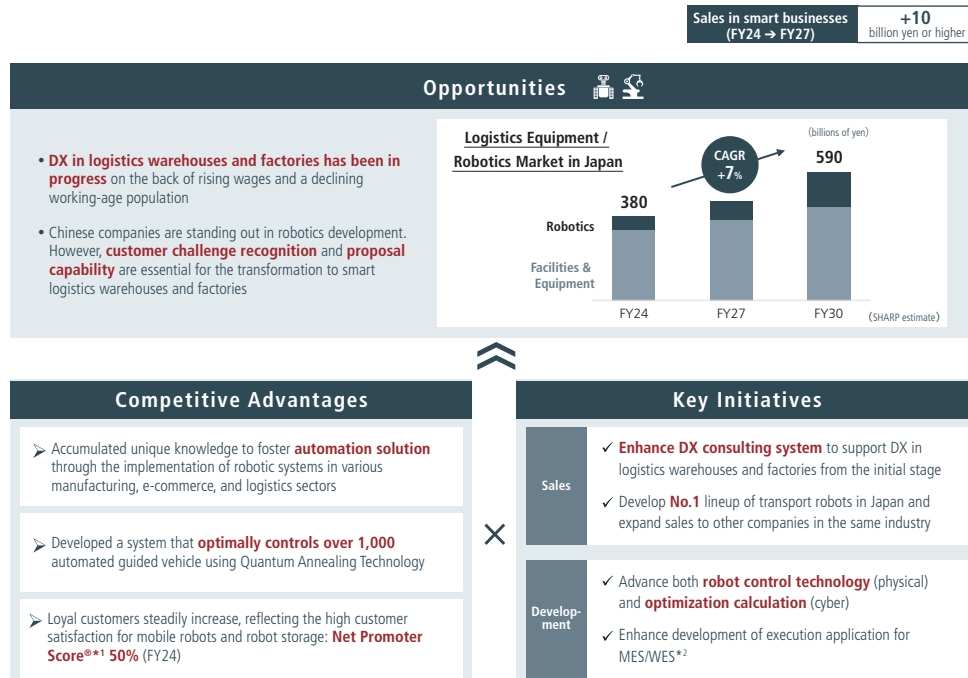
Development of New Smart Businesses

2. Logistics Sector

DX has been advancing in the logistics industry on the back of rising wages and a declining working-age population.

In this environment, Sharp will strengthen consulting services to accompany customers from the initial stages of projects to meet automation needs in logistics warehouses and factories by leveraging our accumulated expertise in automation solutions, as well as our expertise in developing proprietary systems that optimally control over 1,000 automated guided vehicles.

Specifically, we will enhance consulting services using factory expertise, develop the No.1 lineup of transport robots in Japan, and address on-site challenges using robot control and image analysis technologies.



*1 a type of customer loyalty indicators *2 MES: Manufacturing Execution System WES: Warehouse Execution System

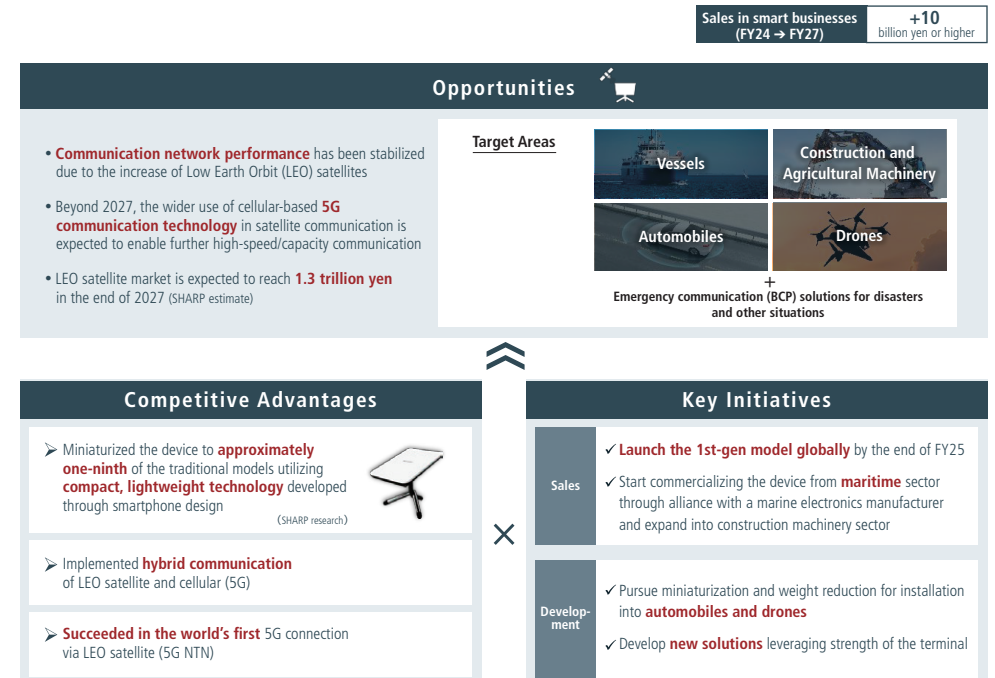
Development of New Smart Businesses

3. Satellite Communication Sector

With the increase in the number of LEO satellites and the advancement of communication technologies, the use of LEO satellite communication is expected to expand rapidly in the coming years.

In response to this business opportunity, Sharp is developing one of the world's smallest level of LEO satellite communication antenna, approximately one-ninth the size of traditional models, by leveraging the compact and lightweight technologies we have cultivated through smartphone design. Building on this strength, we intend to enter the next-generation communication sector. We aim to launch the first-generation model globally by the end of FY2025 and expand primarily in the maritime sector.

Furthermore, we will strengthen development with an eye toward installation in not only construction and agricultural machinery, but also automobiles and drones, while also working to create unique solutions that take advantage of our strength in devices.



Display Device Business

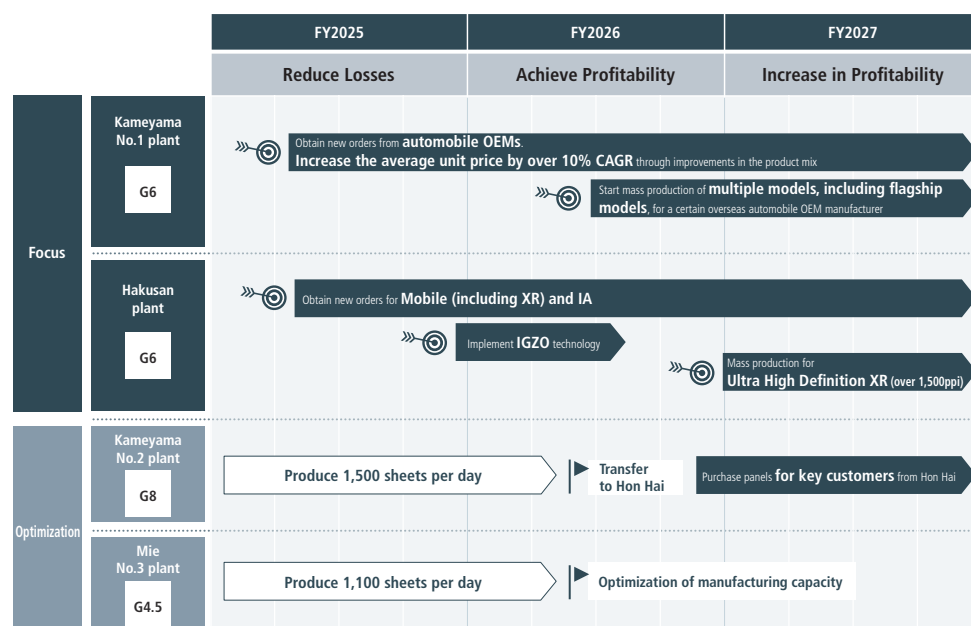
Strategic Framework

Strategic Focus of Panel Production Plants

The Display Device Business halted production of large-size displays at SDP in FY2024 and has been implementing structural reforms, including the optimization of manufacturing capacity for small- and medium-size displays.

We plan to transfer the highly volatile Kameyama No.2 plant to Hon Hai by August 2026 and shift to a business model in which we purchase panels for key customers from Hon Hai. The Kameyama No.1 plant and the Hakusan plant will focus on the field where Sharp can maintain competitive advantages, such as automotive, mobile including XR, and industrial applications.

Through these initiatives, we aim to reduce fixed costs, expand sales of high-value-added products, and build a highly profitable business structure.



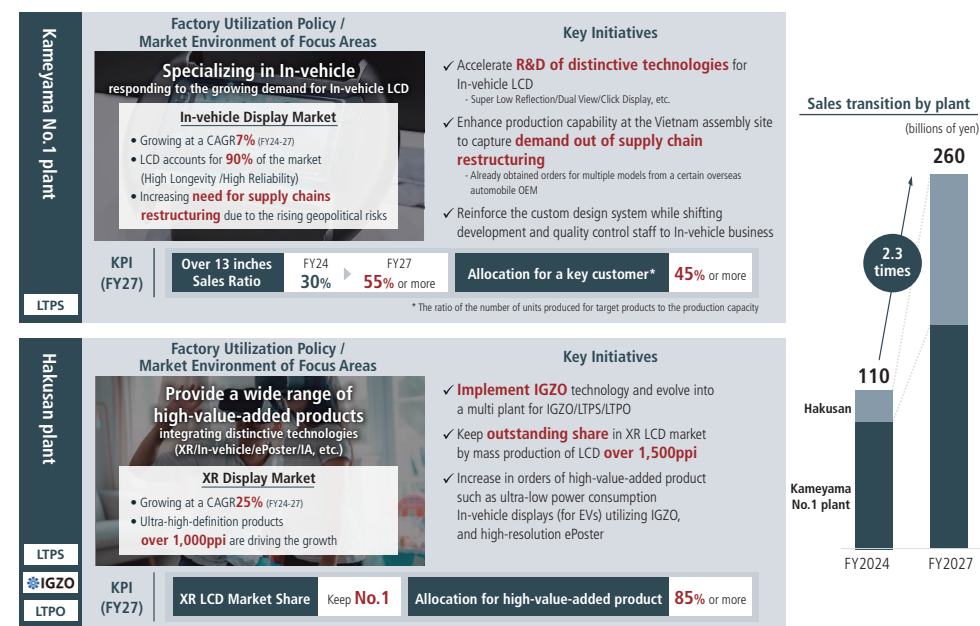
Kameyama No.1 Plant and Hakusan Plant

At the Kameyama No.1 Plant and the Hakusan Plant, we are strengthening technological advantages and reinforcing design, development, and assembly capabilities to significantly expand sales of high-value-added products.

The Kameyama No.1 plant will specialize in in-vehicle displays, responding to the growing demand. The plant plans to increase order intake for large, high-value-added in-vehicle displays by accelerating the development of distinctive technologies, including super low reflection, dual view, and click display, while capturing finished product manufacturer demand for supply chain restructuring amid rising geopolitical risks by expanding production capacity at the Vietnam assembly site.

The Hakusan plant will provide a wide range of high-value-added products centered around IGZO technology, including mass production of ultra-high-definition LCDs for XR applications, ultra-low power consumption displays for in-vehicle use, and high-resolution ePoster.

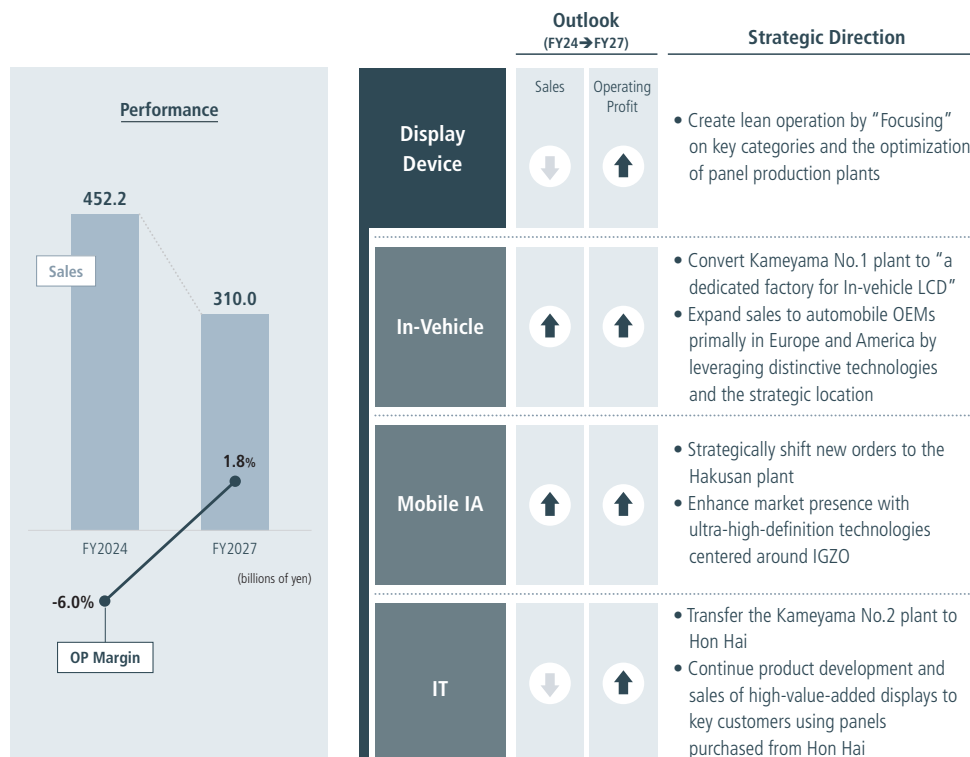
As a result, we plan for the combined sales of the two plants to reach 260 billion yen in FY2027, 2.3 times higher than in FY2024.



Performance Targets

In FY2024, the Display Device Business recorded 452.2 billion yen in sales and an operating profit margin of -6.0%.

We aim to reduce losses in FY2025, break even in FY2026, and achieve an operating profit margin of 1.8% in FY2027. Although we project that sales will decline due to the selection and concentration of panel production plants, we will work to strengthen our business structure to significantly improve profitability.

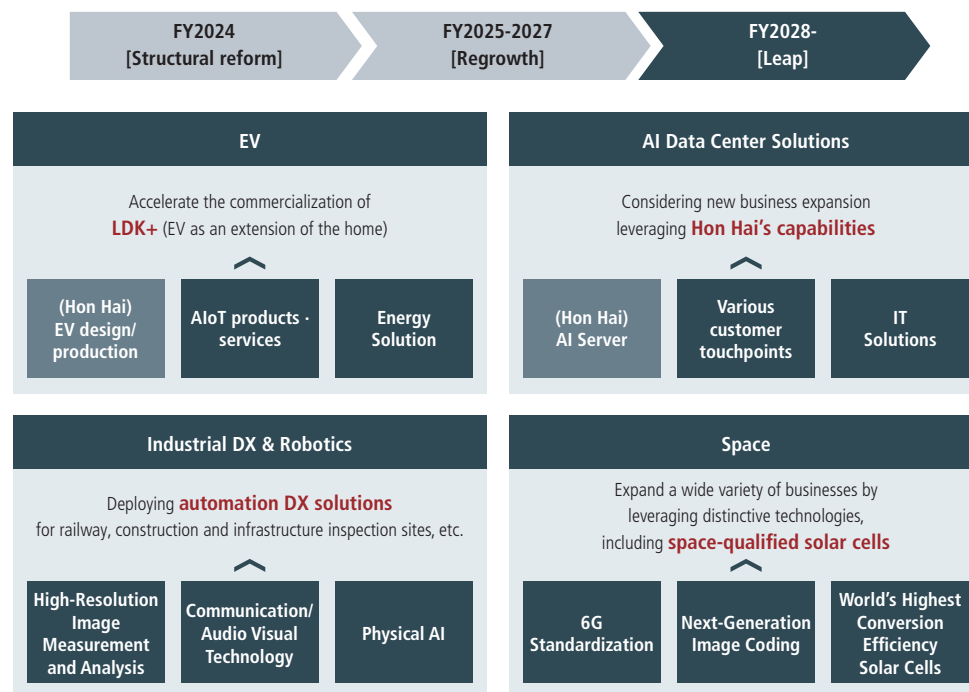


Next Innovation

For Further Growth

Looking ahead to a future leap, Sharp will begin working on Next Innovation in new industrial fields in emerging and high-growth industries.

Specifically, we will develop new initiatives in various fields, including EVs, AI data center solutions, industrial DX & robotics, and space, by mainly focusing on our distinctive technologies while also effectively utilizing Hon Hai's resources.



Sharp's strengths to promote Next Innovation

R&D, Intellectual Property, and Standardization



Senior Executive Managing Officer
Chief Technical Officer,
Chairman of SIPI

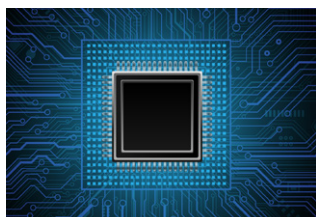
Mototaka Taneya

Advancing Core Technologies to Support Company-Wide Growth Strategy

Our corporate R&D divisions will lead company-wide new business creation and Next Innovation through the creation of core technologies for our regrowth and leap stages.

We will advance and deploy the following core group of technologies across all companies: edge AI technology aimed at application and deployment to all business domains; image analysis technology as the foundation of labor-saving DX; next-generation mobile communication technology that supports social infrastructure in the AI era; environmentally conscious technologies for energy generation, storage and conservation; Quality of Life for enriched living; and micro photonics, the foundational technology of the Brand and Device businesses.

Main Research Fields



Edge AI



Image analysis



Next-generation communications



Energy generation, storage, and conservation



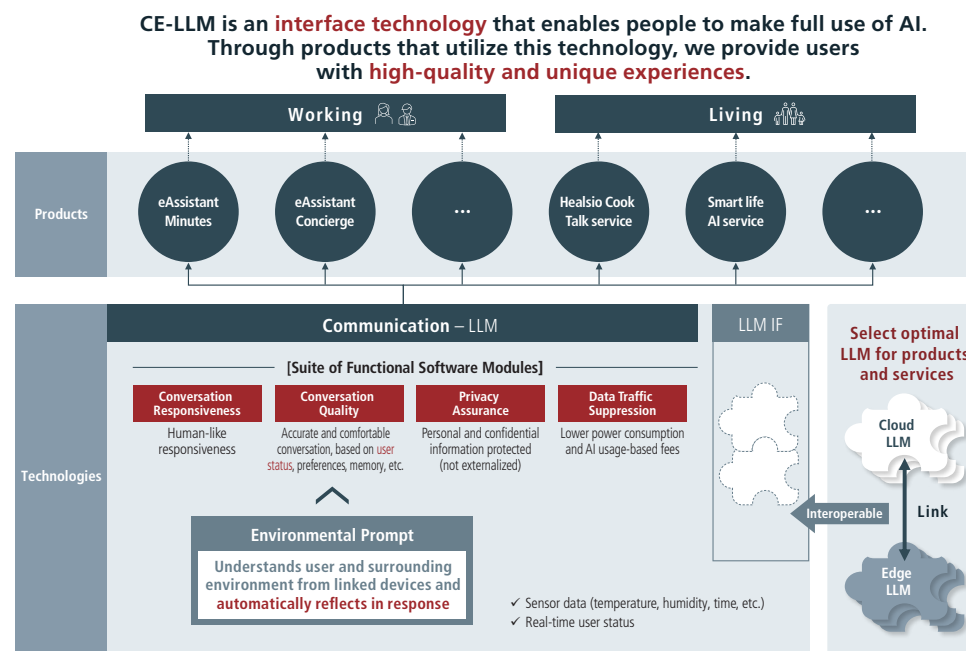
Quality of Life



Microphotonics

Proprietary AI Technology CE-LLM

In the rapidly evolving field of AI, Sharp focuses on strengthening the development of our proprietary edge AI technology, CE-LLM. CE-LLM features an Environmental Prompt, which automatically inputs information on a user's surrounding environment into AI in real time, and optimized switching between edge AI and cloud AI. These features not only enhance conversation responsiveness and quality but also assures privacy and reduced data traffic. Sharp will leverage CE-LLM to provide new people-oriented AI solutions.



To accelerate the creation of new innovations, we aim to bring R&D projects to market quickly by uniting the collective strength of the Sharp Group through the group-wide project I-Pro. We also actively collaborate with a wide range of partners, such as startups and creators, and working on value creation in line with the Sharp identity.

Please refer to the Medium-Term Management Plan, *Strategic Framework (Key Initiatives)*:
2. Establish a Foundation for Sustainable Business Growth—Accelerating the Development of Core Technologies on page 10.

Taking on Challenges in Emerging Industries

In our efforts to explore future technologies, we aim to create new value by advancing and integrating our core technologies in fields with high growth potential, and accelerate Next Innovation.

In emerging industrial areas such as mobility, industrial DX & robotics, and space, we will leverage the strengths of Sharp's distinctive technologies, pursue Sharp's identity, and take on the challenge of fostering new businesses.



Mobility



industrial DX & Robotics

In line with changing customer needs in the mobility market, we accelerate Sharp's unique EV development that focuses on the time vehicles are stationary. In industrial DX and robotics, we strengthen the development of Sharp's image analysis, robot control, and applied AI technologies, and connect these technologies with future physical AI.

Furthermore, we leverage our distinctive technologies accumulated over the years to explore future business opportunities in the space field, where interest is growing. Such technologies include our high-efficiency solar cells, mobile communications, and image analysis technologies.

Please refer to Next Innovation under the Medium-Term Management Plan on page 19.

Intellectual Property Strategy

Sharp positions its intellectual property strategy as one of the most important management strategies, pursuing it together with business and R&D strategies. We work to enhance our business advantage and strengthen our management foundation by actively obtaining patents.

Sharp IP Infinity Co., Ltd. has thorough knowledge of Sharp products, technologies, and businesses. Utilizing this knowledge, the company will provide advanced services as the company enforces improvements in the quality and efficiency of professional services. In doing so, Sharp IP Infinity will enhance the driving force of intellectual property management and generate strong patents and various economic values with the advanced technologies of Sharp. In regard to patent acquisition, Sharp clarifies the core technological fields for each of our businesses and works closely with the field to make strategic patent applications. We also actively work to obtain useful patents generated through alliances with other companies or industry-academia collaborations.

Standardization Strategy

In recent years, standardization activities have become recognized as a tool for corporate management strategies to create markets and secure competitive advantages. At the same time, there is also an urgent need in Japan to strengthen competitiveness by attaining international standards.

In 2003, we established a research institute to acquire patents for wireless communication technology standards and participated in the standardization of LTE launched at the 3GPP*1 meeting in 2004. Since then, we have continued to participate up through the standardization of Beyond 5G. Sharp holds more than 8,500 communication standard-essential patents in more than 50 countries around the world, including a top-level number of 5G standard-essential patents among corporations in Japan. We utilize this stock of patents as an important management resource to Sharp.

Furthermore, we actively engage in international collaborations with overseas companies and universities, focused on pursuing international standardization of next-generation communication and video coding technologies in particular. We also actively send young employees to international conferences to gain various experiences, aiming to develop highly skilled human resources.

► Awards

- Two employees of Sharp Japan received the Innovation and Environment Bureau Director-General's Award in the Ministry of Economy, Trade and Industry's Industrial Standardization Business Awards
Award recognizes contributions to industrial standardization, including the development of international standards and domestic specifications, as well as conformity assessment activities
- Two employees received the Research and Development Encouragement Award under the Ministry of Internal Affairs and Communications' SCOPE*2 program
Award recognizes achievements in R&D of wireless link technologies aimed at attaining international standards for advancing 5G through Japan-U.S. industry-academia collaboration

*1 3GPP (Third Generation Partnership Project) is a project to study and develop specifications for mobile communication systems dealing with 4G (4th generation mobile communication systems) and 5G (5th generation mobile communication systems) technologies. The developed specifications have been widely adopted for mobile communication systems in Japan and around the world.

*2 SCOPE (Strategic Information and Communications R&D Promotion Programme by the Ministry of Internal Affairs and Communications) is a competitive funding program in the field of information and communications technology (ICT). SCOPE widely solicits novel research and development themes from research institutions such as companies, universities, and national research and development agencies, and entrusts research and development to such organizations after selection and evaluation by external experts.

| Sustainability



See the following for more information on sustainability.
<https://global.sharp/corporate/eco/management>

Basic Approach to Sustainability

As stated in our business philosophy, the founding spirit of Sharp aims to contribute to the culture, benefits, and welfare of people throughout the world and expects mutual prosperity with all who cooperate with Sharp, such as our customers, dealers and shareholders. Guided by this spirit, our basic approach to sustainability is to aim for a sustainable development of both Sharp and society, meeting the expectations of society and our stakeholders.

To embody this business philosophy and business creed*¹, we established the Sharp Group Charter of Corporate Behavior as a code of conduct for group companies and the Sharp Code of Conduct*² for all directors, executives, and employees. We work to ensure each officer and employee is thoroughly informed of these policies.

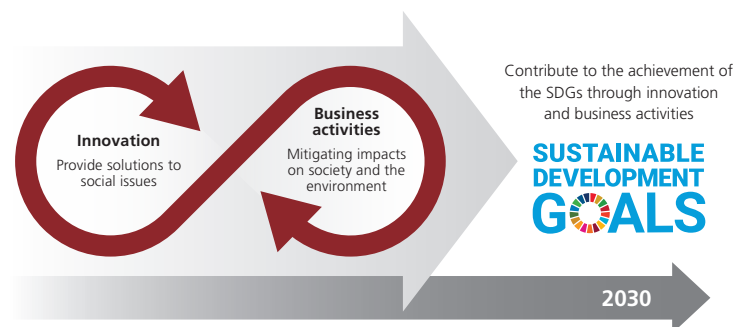
*¹ See below for more about our business philosophy and business creed.
<https://global.sharp/corporate/info/philosophy/>

*² See below for more about the Sharp Group Charter of Corporate Behavior and Sharp Code of Conduct.
<https://global.sharp/corporate/info/charter/>

Sustainability Strategy and Promotion Structure

Sharp sets our medium- to long-term vision as contributing to the achievement of Sustainable Development Goals (SDGs) based on our basic approach to sustainability. The SDGs were adopted by the United Nations in September 2015 and set high expectations for companies.

In FY2018, we defined our basic strategy of sustainable management as aiming to contribute to the achievement of the SDGs through “Solving social issues through business and technological innovation” and “Mitigating impacts on society and the environment through sustainable business activities” and have been accelerating our efforts to achieve the medium- to long-term vision.

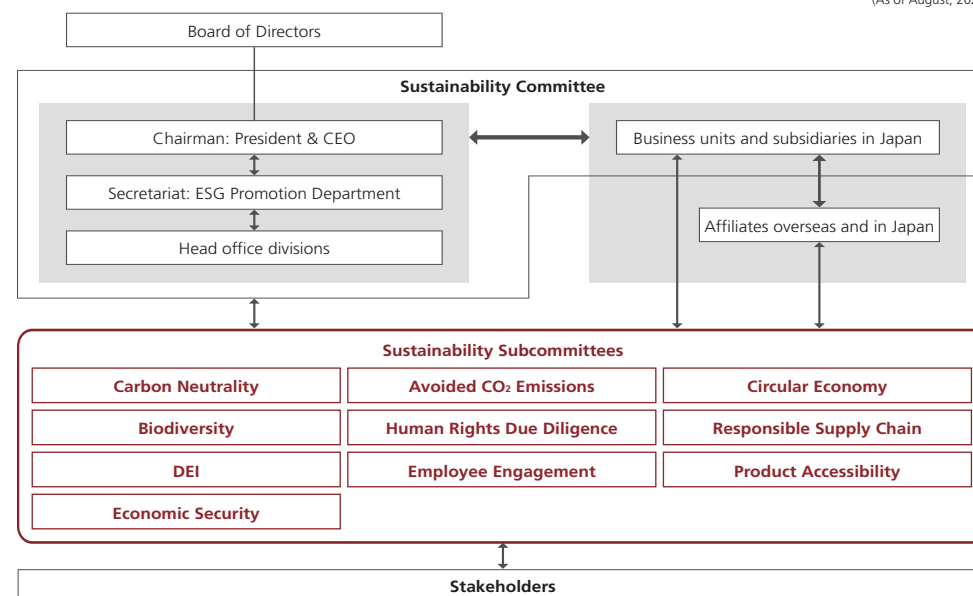


To break down these strategies to actionable measures and to manage the progress via the PDCA cycle, Sharp launched the Sustainability Committee. The committee is chaired by the president & CEO, and consists of senior executives, head office divisions (e.g., environment/HR/procurement), business units, and subsidiaries. This committee deliberates and pursues various measures, implements vision and policies, and conducts activities that include communicating the latest trends related to social issues. In addition, the committee reports important policies and decisions to the Board of Directors.

We established Sustainability Subcommittees on key topics in FY2024, accelerating our efforts.

Organization for Sustainability Management

(As of August, 2025)



Major FY2024 Sustainability Committee Agenda (Held Twice)

- Company-wide ESG initiative guidelines
- Annual priority measures guidelines and reports on KPI and performance
- Establishment and activity report of the Sustainability Subcommittee
- Status of carbon neutrality
- Status of circular economy
- Status of DEI
- Status of product accessibility
- Status of employee engagement survey implementation, etc.

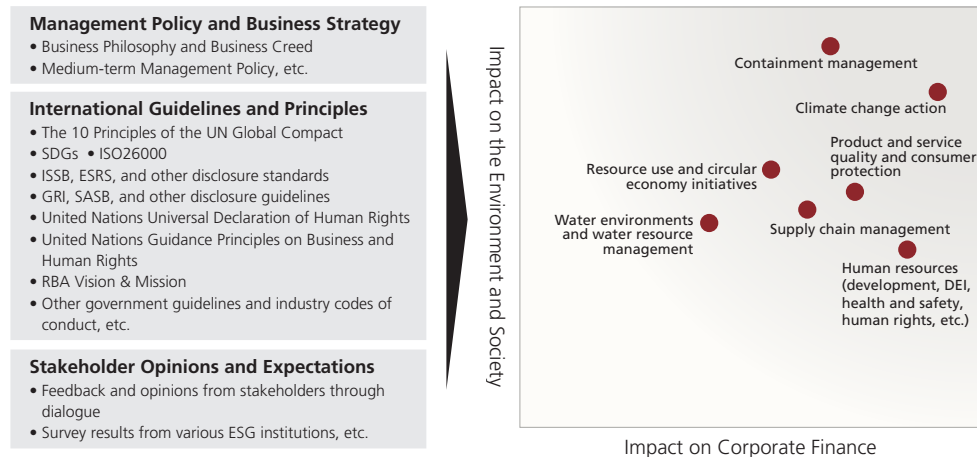
Materiality Issues

There are successive announcements of international medium- to long-term goals aimed at resolving global social issues, such as the SDGs and the Paris Agreement*1. Amid growing concern about human rights issues, such as forced labor in global supply chains, expectations for corporate sustainability initiatives are further increasing.

Against this background, we identify the materiality issues and make efforts to promote sustainable management from both the perspectives of contributing to the resolution of global social issues and achieving medium- to long-term growth for the Sharp Group.

In identifying materiality, we take into account international guidelines and principles, and non-financial disclosure standards, such as the UN Global Compact, SDGs, and the RBA vision and mission, in addition to our business philosophy, business creed, and medium-term management policy. We also consider opinions and expectations from various stakeholders, and evaluation results from ESG rating and rating agencies.

Process for Identifying Material Issues



We determine identified materialities as topics to be prioritized at a company-wide level from the perspectives: 1) Impact on the environment and society and 2) Impact on corporate finance.

For priority matters identified, we set targets, goals, KPIs, and action plans for each measure*2. We review the performance and status of these initiatives at the semiannual Sustainability Committee, Sustainability Subcommittees, and other company-wide meetings.

*1 Multilateral international consensus agreement on climate change control adopted at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) in Paris in 2015 states that efforts will be pursued to keep the increase in global average temperature well below 2°C above pre-industrial revolution levels as well as to limit the increase to 1.5°C.

*2 See the following for more information on priority initiatives and KPIs, etc.
<https://global.sharp/corporate/eco/management>

Participation in Initiatives

Sharp conducts corporate management while respecting international guidelines and norms as a member of the global community.



| Environmental Initiatives



See the following for more information on environmental activities.

<https://global.sharp/corporate/eco/environment/>

The SHARP Eco Vision 2050, Our Long-Term Environmental Vision

Global environmental issues such as climate change, resource depletion, and the problems presented by plastic waste are becoming more serious and are recognized as important issues among the international community. Under these circumstances, global movements aimed at resolving social issues are accelerating, such as those designed to respond to SDGs and carbon neutrality*¹, as well as initiatives to realize a circular economy*².

In 2019, Sharp established its long-term environmental vision *SHARP Eco Vision 2050* based on its principal environmental philosophy of “Creating an Environmentally Conscious Company with Sincerity and Creativity,” which was established in 1992. Our aim is to realize a sustainable global environment by setting

long-term goals for 2050 in the areas of climate change, resource recycling, and safety and security.

With regard to the pressing worldwide issue of climate change, one of the areas of our long-term environmental vision, we accelerate our efforts to achieve net-zero CO₂ emissions arising from our own business activities (Scope 1+2) by 2030 and net zero CO₂ emissions from the entire supply chain (Scope 1+2+3) by 2050.

Sharp is engaged in initiatives to solve social issues and sustainably raise corporate value. In order to accomplish the initiatives, we will work more closely with our stakeholders through corporate and environmental conservation activities.

*1 A state in which the total amount of greenhouse gas emissions minus the absorption volume is effectively zero.

*2 An economic system in which discarded products and raw materials are considered as new resources and in which resources are circulated without generating waste products.

Long-Term Environmental Targets

Toward achieving the *SHARP Eco Vision 2050*, we have defined long-term goals in the three following areas to generate clean energy in excess of energy consumed and minimize the environmental impact of corporate activities on the global environment.



See page 25

Climate Change

Throughout our history, Sharp has endeavored to reduce the energy we use as an organization, while making more energy-efficiency products to help reduce the amount of energy consumed in the home and by society.

As our founder, Tokuji Hayakawa, said, “Everything we produce uses electricity. As we become a bigger company, we will be responsible for using more electricity, so I propose that we also begin making electricity.” Following this course, Sharp began development of solar cell, striving to popularize photovoltaic power generation for more than 50 years.

As a company that makes products that use electricity, we must take responsibility for the environmental impact of this electricity usage.

Sharp supports the global goal of achieving carbon neutrality, and we have set ourselves the challenge of meeting the following two goals by 2050 in our own activities and throughout the supply chain as a whole, so that we can achieve a decarbonized society.

Goals

- Achieve net zero CO₂ emissions across the supply chain
- Generate clean energy in excess of the energy consumed throughout our supply chain



See page 26

Resource Recycling

Sharp has created new products that offer a variety of value to the world. At the same time, we have used many of the world's resources.

Our desire is to continue to offer a variety of value to our stakeholders amid the constraints of limited resources.

Sharp intends to reach new levels of effective resource use, maximizing value from minimal resources and constructing a circular economy. We have defined two goals to achieve by the year 2050 in efforts to create a recycling-oriented society.

Goals

- Eliminate the use of new mined resources* in products
- Eliminate final disposal of waste products generated through our business activities

* Excludes those items not suitable for recycling from an environmental standpoint



See page 26

Safety and Security

Sharp factories use a variety of chemical substances in the product manufacturing process. Our products also contain a variety of chemical substances. Chemical substances include substances that have a negative impact on the human body, the environment, and ecosystems. Accordingly, these chemicals must be managed in a careful and detailed manner.

Sharp corporate activities must not do harm to human health, the global environment, or ecosystems.

Sharp follows current international standards, as well as our own standards oriented toward the future, for the strict management of these relevant chemical substances. Under these standards, we are striving to eliminate any negative effects that chemicals may have on human health, the global environment, or ecosystems.

Goals

- Conduct proper management of chemical substances to protect human health, the global environment, or ecosystems

Information Disclosure based on TCFD

Addressing TCFD Recommendations

The Task Force on Climate-Related Financial Disclosures (TCFD) formed by the Financial Stability Board (international body that works toward financial systems stability) put forth recommendations that companies disclose information on the risks and opportunities regarding climate change in 2017. Sharp declared its support for the recommendations of the TCFD, and intends to expand disclosure of information regarding climate change in accordance with the TCFD framework.

1. Governance

The president & CEO, who chairs the Sustainability Committee*¹, has the responsibility for monitoring and supervising climate-related issues. The Sustainability Committee consists of the committee chair, senior executives, head office divisions, business units, and subsidiaries. The Committee is responsible for the thorough implementation of policies and vision on ESG, including those on climate change. They also deliberate and promote measures and share the latest trends in social issues.

Through monitoring and review by management at committee meetings, Sharp continuously strengthens climate change action to play a part in making society sustainable.

2. Strategy

Sharp considers climate change as one of our medium- to long-term risks and opportunities. We explore strategies and organizational resilience in light of related risks and opportunities. We conducted a scenario analysis referring to climate change scenarios (1.5°C scenario*² and 4°C scenario*³) by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) to consider long-term impacts up to the year 2050.

See the following website for more information on each risk and opportunity, as well as our measures taken.
https://global.sharp/corporate/eco/environment/climate_change/#anc0

3. Risk Management

Progress towards Reducing of Greenhouse Gas Emissions (FY2024)

Base year (FY2021 results)	FY2024 results	vs. Base year
1,365 thousand tons CO ₂	820 thousand tons CO ₂	39.9% reduction

*1 Please refer to page 22.

*2 Referenced the IEA Net Zero Emission by 2050 Scenario and the IPCC Sixth Assessment Report (AR6) SSP1-1.9 scenario, etc.

*3 Referenced the IPCC Fifth Assessment Report (AR5) RCP8.5 scenario, etc.

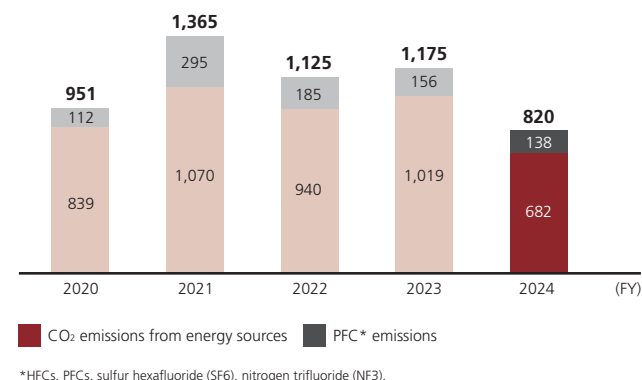


Based on the Rules of Business Risk Management which defines the basic concept of business risk management, Sharp manages and assesses risks, including climate-related risks, in an integrated manner. We identify high-probability climate risks by analyzing projected future climate scenarios. We report the details of the analysis to senior management and the Internal Control Planning Division (secretariat of the risk management office) as necessary. Measures for improvement are discussed among the related departments.

4. Metrics and Target

In 2019, Sharp established the long-term environmental vision *SHARP Eco Vision 2050* based on our principal environmental philosophy of “Creating an Environmentally Conscious Company with Sincerity and Creativity,” which was established in 1992. Our aim is to realize a sustainable global environment by setting long-term goals for 2050 in the three areas of climate change, resource recycling, and safety and security. With regard to climate change, a pressing issue worldwide, we accelerate our efforts to achieve net-zero CO₂ emissions arising from our own business activities (Scope 1+2) by 2030 and net zero CO₂ emissions from the entire supply chain (Scope 1+2+3) by 2050.

Sharp Group's Greenhouse Gas Emissions from Business Activities (thousand tons CO₂)



Resource Recycling

Achieving a Circular Economy

Recycled plastic developed through Sharp's own closed-loop material recycling technology is used in refrigerators, air conditioners, washing machines, and small home appliances for FY2024 models. The use of this recycled plastic reached a cumulative total of 21,000 tons (FY2001-2024 results).

We will help realize a circular economy, aiming to expand self-circulating material recycling to all of our products going forward, not just these four home appliances categories.



Adoption of Recycled Plastics

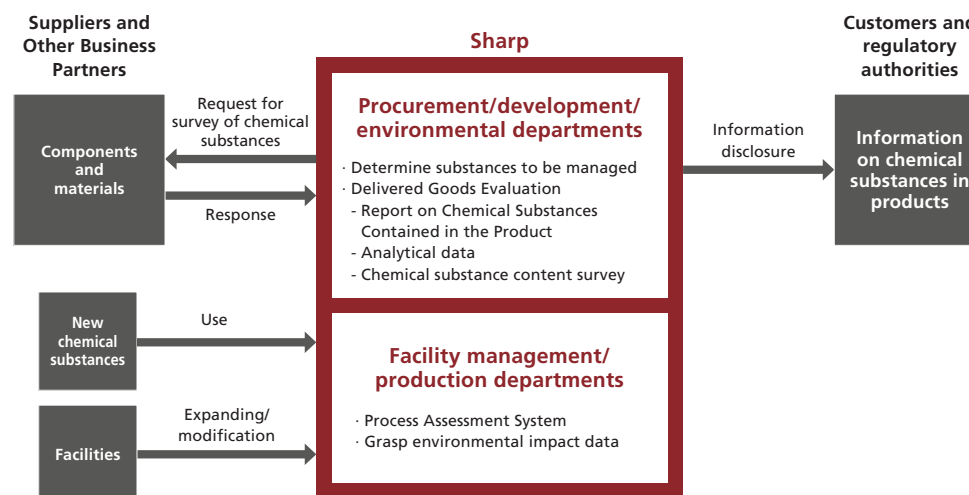


Safety and Security

Proper Management of Chemical Substances

As part of our efforts to manage chemical substances, we conduct a Delivered Goods Evaluation of chemical substances contained in product components and materials. We work with our suppliers and other business partners to conduct this evaluation to grasp and manage information on chemical substances contained in our products. Each plant also introduced the Process Assessment System to evaluate and confirm safety and environmental impact before new chemical substances are used or when facilities are expanded or modified.

Chemical Substance Management System



Social Initiatives

Promoting CSR across the Entire Supply Chain

The Sharp Group Charter of Corporate Behavior stipulates that Sharp does not sanction any form of forced labor, including child labor, and supports its effective abolition. Based on this policy, we have formulated and published the SHARP Supply-Chain CSR Deployment Guidebook in accordance with the RBA Code of Conduct, and, in our basic agreements for ongoing transactions, have established mandatory compliance with Guidebook-based CSR initiatives for our suppliers.

In order to identify, assess, and appropriately address CSR risks such as forced labor in the supply chain, we conduct CSR/Green procurement surveys for each of our suppliers' plants on a regular basis in accordance with the RBA Self-Assessment Questionnaire. We also provide feedback on assessment results and require suppliers with plants that scored low in any area to submit improvement plans. In this way, we work to enhance sustainable CSR initiatives. In FY2024, we conducted CSR/Green procurement surveys at 960 business sites of 470 companies, which account for the top 80% of procurement value from our suppliers globally.

We will continue to strengthen our CSR efforts throughout the supply chain, aiming to build a globally responsible supply chain.

Evaluation Distribution Status of CSR/Green Procurement Surveys (Global)



Human Rights Due Diligence Initiatives for the Supply Chain

In recent years, expectations and demands related to supply chain due diligence initiatives have been increasing in light of the emergence of human rights and environmental risks in the global supply chain, as well as the strengthening of related laws, regulations, and import/export restrictions in various countries.

Sharp joined the RBA officially in December 2021. We are now strengthening related initiatives while utilizing RBA tools and mechanisms. One such initiative is our use of the RBA e-learning Academy. The academy has been providing employees with a deeper understanding of international CSR standards.

We also assess the risk of human rights violations through the aforementioned CSR/Green procurement surveys. As a result of these efforts, we have not identified any serious problems such as forced labor or child labor in our supply chain. However, in the unlikely event that a problem such as a human rights violation is identified, we will immediately take the necessary corrective and relief measures in consultation with our suppliers based on our agreement. If no improvement is expected, we will take strict measures including suspending transactions.

Sharp is also working to strengthen our grievance-handling mechanism. We established the Crystal Hotline, our whistleblowing contact desk, on our external website to receive reports from suppliers and other stakeholders. In October 2022, we joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as an inaugural member (regular member) to establish a mechanism that enables a wide range of stakeholders in the global supply chain to file human rights grievances in 34 languages, supported by AI translation.



See the following for more information on CSR procurement.
<https://global.sharp/corporate/eco/social/procurement/>

See the following for more information on quality.
https://global.sharp/corporate/eco/social/customer_satisfaction/

Initiatives for Responsible Mineral Procurement

In recent years, in addition to the U.S Dodd-Frank Wall Street Reform and the EU's Conflict Minerals Regulation, laws and regulations such as the Corporate Sustainability Due Diligence Directive and the Battery Regulation in Europe have been established one after another, mandating human rights and environmental due diligence by companies. As a result, initiatives for responsible mineral sourcing are expanding in terms of minerals, regions, and risks, and are becoming increasingly complex. Sharp's basic policy is to take appropriate measures to ensure that we are neither complicit in human rights abuses or environmental destruction nor interfering with sound and legitimate local business activities in our supply chain for procuring minerals mined in conflict-affected and high-risk areas.

Under this basic policy, we established an investigation system at each of our major business units and manufacturing subsidiaries. Through our membership in industry associations such as the Responsible Minerals Initiative (RMI) and Japan Electronics and Information Technology Industries Association (JEITA), we monitor the latest global trends and pursue relevant measures based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

We identify and assess risks through surveys using the international standard reporting template issued by RMI. In FY2024, among 280 smelters and refiners of 3TG (gold, tantalum, tin, tungsten) identified in major business areas, the RMAP (Responsible Minerals Assurance Process) conformity rate was about 80%.

RMAP Conformity Rates for Identified 3TG Smelters and Refiners

	FY2022	FY2023	FY2024
RMAP conformity rate	63%	79%	80%

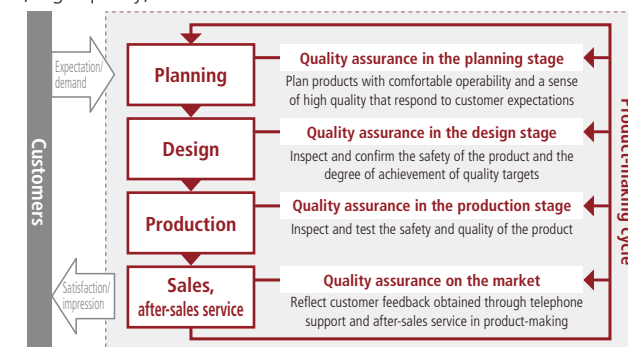
Furthermore, the Sustainability Committee, chaired by the president & CEO, designates responsible mineral procurement as a key theme for initiatives and monitors the progress of related measures.

Ensuring Quality and Safety

To gain customer trust and improve satisfaction, Sharp responds to customer needs and demands by offering products and services that are safe, high-quality, and reliable.

Quality Assurance System

Sharp specifies the quality levels we promise to customers, thereby ensuring all employees in every department involved in product planning, design, production, sales, and after-sales service continue to strive for improved quality.



Talent management

The Sharp Group states in our business philosophy that our approach to human resources is, “It is the intention of our corporation to grow hand-in-hand with our employees, encouraging and aiding them to reach their full potential and improve their standard of living.” To realize this philosophy, we set forth to expand investment in people to establish a foundation for sustainable business growth in the Medium-Term Management Plan (FY2025–2027).

Our efforts include focusing on the cultivation and acquisition of human resources to facilitate growth, such as AI and digital talent and global talent, as well as enhancing training for all employees to enhance organizational capability. Furthermore, we work to improve employee engagement by addressing workstyles, workplace environment, employee benefits, and other factors to build an environment that enables diverse talent to thrive.

Through these efforts, we support employees’ skill development and promote challenges to maximize the potential of each individual, aiming to establish a sustainable profit structure and become a company that contributes to society.

For more details, see page 11 of the Medium-Term Management Plan, *Strategic Framework (Key Initiatives)* : 2. Establish a Foundation for Sustainable Business Growth — Expanding Investment in People.

Human Resource Development

Sharp conducts a variety of human resources development programs aimed to improve quality and expand the breadth of the abilities of each employee. Through these programs, we nurture young employees, develop the next generation of leaders, foster globally minded individuals, raise the skill level of each employee, and implement other measures for improvement. We also began developing AI talent in FY2025.

We also aim to establish an environment to build up the basic business knowledge and expertise, based on our concept of nurturing strong individuals. By enabling individuals to pursue learning independently, anytime, anywhere, Sharp is facilitating the development of professionals who are well-versed in business. Our e-learning environment allows employees to easily learn anytime, anywhere using computers or smartphones, actively helping employees enhance their abilities through self-development.

Enhancing Employee Engagement

Sharp regularly communicates our company vision and management perspectives to employees through messages from the President to share our business philosophy and values. We also enhance employee engagement by collecting employee feedback through questionnaires and surveys, and implementing initiatives that strengthen internal branding. In addition, Sharp discloses information on personnel and compensation systems to increase employee confidence and trust. Sharp strengthens management training and enhances managers’ roles in responding to increasingly complex communication. We also promote information sharing and delegation of authority, creating an environment that enables employees to act on their own initiative and encourages employee ownership (a sense of responsibility and initiative). Furthermore, we strive to enhance our personnel systems, such as evaluation and compensation frameworks, and infrastructure, such as our IT environment to create highly psychologically safe workplaces where employees can work without stress and with peace of mind.

We began conducting engagement surveys twice a year in FY2024 instead of employee satisfaction surveys. We use the survey results to identify employee expectations and satisfaction levels, implement improvements, and lead to higher engagement.

Advancing DEI (Diversity, Equity & Inclusion)

The Sharp Group respects diverse individuality and abilities, and by bringing together the value each person creates, we aim to achieve sustainable growth through the development of our unique innovative technologies and the proposal of new services. Based on the DEI Policy* established in FY2024, we develop workplace environments where each employee can demonstrate their individuality and abilities, and build an organization where diverse talent can demonstrate their full potential.

*Sharp Group DEI Policy <https://global.sharp/corporate/eco/images/social/diversity/2025policy.pdf>

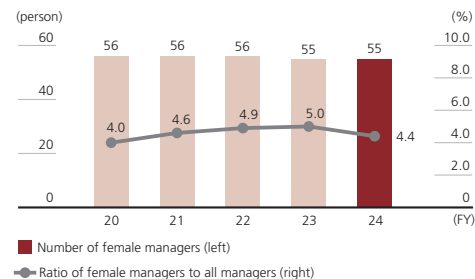


See the following for more information on human resources.
<https://global.sharp/corporate/eco/social/>

	FY2024 Result	Target
Engagement score*	B	(FY2027) A (3 Rank Up)

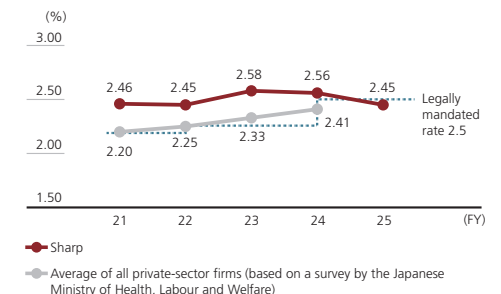
* Sharp utilizes Motivation Cloud Engagement provided by Link and Motivation Inc. This visualizes the state of engagement within an organization using a unique survey method that compiles employee expectations and satisfaction regarding the company, managers, and workplace. B is the Japan national average level, and A is the top 20% level. This survey is targeted at employees in Sharp Corporation and its domestic consolidated subsidiaries.

Number of Female Managers



Data for Sharp Corporation as of March 31 in each fiscal year

Employment Rate of the Disabled in Japan



Data for Sharp, special subsidiaries, and group companies as of June 1 for each fiscal year

Work-Life Balance Initiatives

Sharp expanded the number of days per week employees can work from home starting in FY2023, aiming to better enable every employee to find fulfillment in their work and perform at a high level. We also removed eligibility requirements, provided that the employee maintains or improves their productivity. At the same time, we expanded flexible hours under the flextime system. As a result, employees now have greater flexibility in both where and when they work. In addition, Sharp implements No Overtime Days and encourages all employees to use annual paid leave in a planned manner to establish an efficient and balanced work style.

Furthermore, we strive to improve work-life balance by expanding and encouraging the use of systems that help employees balance work with childcare, nursing care, and medical treatment. For childcare support, we distribute guidebooks and inform employees about our individual systems, resulting in numerous employees utilizing leave for childcare.

Message from Outside Director
**Contributing to Corporate Value
Enhancement through Strengthening
Global Corporate Governance**

Yasuo Himeiwa

Outside Director

Mr. Yasuo Himeiwa joined Peat Marwick Mitchell & Co. (now KPMG) in 1983. After retiring as a partner at KPMG AZSA LLC in June 2016, he opened Himeiwa Certified Public Accountant Office. He has served as an independent outside director (Member of Audit & Supervisory Committee) at Sharp since June 2017.

— Please tell us about your career.

I joined Peat Marwick Mitchell & Co. (now KPMG) in 1983 and spent about 30 years auditing numerous global companies. One of the most valuable experiences in my career was being responsible for providing audit and advisory services to Japanese companies expanding into Europe while I was stationed in London.

— Please share your thoughts on FY2024.

The Sharp Group had posted significant net losses for two consecutive fiscal years. Against this backdrop, Sharp announced the Medium-Term Management Direction in May 2024 and made the major decision to pursue Asset Light Initiatives in the Device Business and strengthen profitability in the Brand Business.

In particular, management made a major decision to halt the production of large-size displays at Sakai Display Products Corporation, one of the core businesses of Sharp, and carried this out in a very short timeframe. I think this was one that few other companies could have done easily. Sharp also achieved its committed target of returning to profitability for the fiscal year, and steadily improved the financial foundation, such as the improvement in equity ratio, significant reduction of net interest-bearing debt, and continued positive free cash flow. I believe Sharp has taken swift and thorough actions, including in administration aspects.

— Please share your thoughts on the Sharp Medium-Term Management Plan.

The current Medium-Term Management Plan defines Our Mission as, “With sincerity, we observe people’s daily lives. With creativity, we shape new experiences.” By formulating Our Mission as part of the Medium-Term Management Plan, Sharp seeks to instill its founding spirit, pursue business with strong commitment to Sharp’s Identity, and unite as one toward re-growth and future leaps.

I personally intend to maintain constructive tension with management while working closely with the internal audit division and accounting auditors to conduct audit and supervisory activities. While preserving mutual understanding and respect for each other’s roles, I intend to ensure management transparency and enhance the effectiveness of internal controls across the Sharp Group. With respect to transactions involving the controlling shareholder, I strive to remain fully mindful of protecting minority shareholders, while working to strengthen corporate governance on a global basis. I will meet the trust from shareholders and expectations of stakeholders by contributing to sound and sustainable growth and medium- to long-term corporate value creation.

— Please share your thoughts on the importance of global corporate governance.

I believe that strengthening corporate governance on a global basis and ensuring management transparency are essential for the continuous growth of companies and the enhancement of corporate value.

Sharp’s internal controls are functioning through the Finance and Administration Office, the internal audit division, and other units. However, I feel it is necessary to continuously review and improve functions, given the large size of the organization.

Leveraging my experience at the audit firm, I want to contribute to the continuous growth of the Sharp Group and corporate value enhancement by working to strengthen corporate governance on a global basis and ensure management transparency.

— Please share your thoughts on initiatives and challenges for management conscious of cost of capital and stock price.

Management that is conscious of cost of capital and stock price is extremely important in pursuing the enhancement of corporate value. However, Sharp’s balance sheet has been significantly impaired by large losses in the past, leaving capital efficiency indicators unable to function effectively.

In light of this situation, I think the immediate priority should be to complete structural reforms, including Asset Light Initiatives, and to focus on establishing a business structure capable of generating stable profits. I believe that by doing so, Sharp will reduce interest-bearing debt and improve the equity ratio, making it possible to use ROIC and ROE as stable indicators and engage in more constructive dialogue with the market.

— Please share your hopes for Sharp’s future.

I believe President Okitsu is a leader with a strong commitment to the front lines. This commitment is evident in his visits to manufacturing and sales sites, as well as in his swift actions to improve internal controls. Sharp is a large organization, so it is essential for any top management not only to set a clear management direction, but also strive to communicate that direction clearly to employees.

I believe Sharp is establishing a business structure capable of generating stable profits through major structural reforms, largely because all employees uphold the founding spirit of Sincerity and Creativity, which in turn has allowed organizational governance to function naturally. President Okitsu strives to carry forward and develop the founding spirit. I hope Sharp will build on this momentum to continue growing as a company that offers distinctive products with its unique perspective.

I Corporate Governance

Basic Concepts

Sharp's business philosophy contains this statement: "Our future prosperity is directly linked to the prosperity of our customers, dealers and shareholders... indeed, the entire Sharp family." Under this philosophy, Sharp's basic concept concerning corporate governance is to maximize corporate value through swift and accurate management that preserves transparency, objectivity and soundness.

Based on this stance, Sharp appoints outside directors who have deep insight and a wealth of experience in the fields of social and economic trends, management, and so forth. In the organizational design of the company, we have chosen a company with an audit & supervisory committee. This format increases the agility of our decision-making, while strengthening oversight of the execution of duties.

With regard to the business execution, Sharp separates the supervision / decision-making function and business execution function through the introduction of Executive Officer System, and has established a system that can steadily make quick and efficient business executions. Sharp has also clarified the profit responsibilities of each business unit. In this way we have been strengthening our individual businesses and operations, while exercising control through our headquarters.

Status of Corporate Governance System

Sharp's corporate governance system comprises the Board of Directors, which supervises directors' execution of duties, and the Audit & Supervisory Committee, which audits the directors' execution of duties, together with Executive Officers System which separates the supervisory and decision-making functions from the business execution functions.

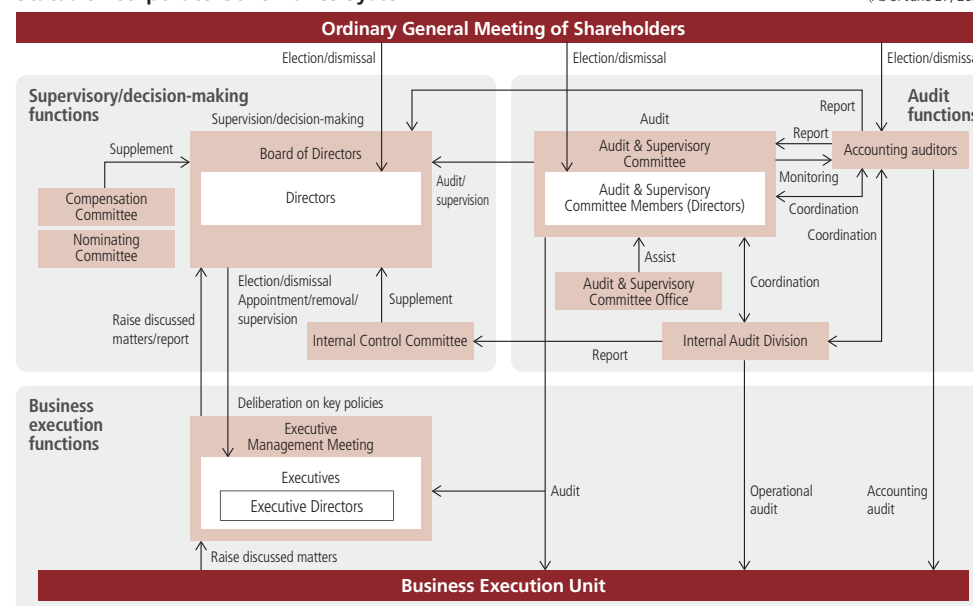
The Board of Directors makes decisions on matters stipulated by law and management-related matters of importance, and supervises the state of business execution. The Company also has an Internal Control Committee, the Compensation Committee, and the Nominating Committee. These committees serve as advisory bodies to the Board of Directors. In addition, important transactions between the parent company group and Sharp Group which need to be submitted for discussion at the Executive Management Meeting are reviewed and approved by the Board of Directors, the majority of which are independent outside directors, to determine the necessity, rationality, and appropriateness of the transaction in question.

In addition to the Board of Directors, the Company has an Executive Management Committee whose members are executive officers. The Executive Management Meeting deliberates in an appropriate and timely manner on matters of importance related to corporate management and business operations. By holding meetings as needed, we facilitate prompt executive decision-making.

The Audit & Supervisory Committee is comprised of three directors, all of whom have high levels of professional knowledge. Two of the Audit & Supervisory Committee members are independent outside directors and one member is a full-time Audit & Supervisory Committee member. The Audit & Supervisory Committee members hold regular meetings with executive directors, accounting auditors, the Internal Audit Division and others to exchange opinions and endeavor to ensure that business is conducted legally, appropriately, and efficiently.

Status of Corporate Governance System

(As of June 27, 2025)



Members by Organization

(©: Committee chair) (As of June 27, 2025)

Title	Name	Bord of Directors	Audit & Supervisory Committee	Executive Management Meeting	Nominating Committee	Compensation Committee
Deputy Chairman, Member of the Board	Po-Hsuan Wu	©		○		
President & CEO, Member of the Board	Masahiro Okitsu	○		©	○	○
Member of the Board (Outside Director)	Seiichi Nagatsuka	○			○	○
Member of the Board (Outside Director)	Koji Yano	○			○	©
Member of the Board (Outside Director)*	Yasuo Himeiwa	○	○		○	○
Member of the Board (Outside Director)*	Yumiko Kajiwara	○	○		©	○
Member of the Board*	Hiroyuki Murase	○	©			
Senior Executive Managing Officer	Yoshio Kosaka			○		
Senior Executive Managing Officer	Mototaka Taneya			○		
Senior Executive Managing Officer	Tetsuji Kawamura			○		
Executive Managing Officer	Yasufumi Sugahara			○		
Executive Officer	Yoshiro Nakano			○		
Executive Officer	Katsuhiro Kawai			○		
Executive Officer	Shigeru Kobayashi			○		

* Member of Audit & Supervisory Committee

Director Remuneration

Disclosure Status of Remuneration for Each Director, and Policy for Deciding Remuneration Amount or Calculation Methods

Regarding remuneration for directors (excluding directors on the Audit & Supervisory Committee), the Ordinary General Meeting of Shareholders, held June 27, 2024, resolved to cap cash remuneration at ¥500 million per fiscal year (of which a maximum of ¥100 million may be paid to outside directors).

The Company grants restricted stock as nonmonetary remuneration or stock acquisition rights as stock options to directors, up to a limit of ¥300 million (150,000 shares or 1,500 units) per fiscal year, of which a maximum of ¥30 million (15,000 shares or 150 units) may be granted to outside directors. This allows us to better align values between Sharp directors and shareholders, as well as to strengthen the sense of responsibility and increase motivation related to corporate performance.

The Compensation Committee, delegated authority by the Board of Directors, determines monetary remuneration for individual directors (excluding members of the Audit & Supervisory Committee) within the scope approved by the Ordinary General Meeting of Shareholders. The Compensation Committee provides advice regarding nonmonetary remuneration, which is determined by a resolution of the Board of Directors in consideration of said advice.

Monetary remuneration is limited to ¥100 million per fiscal year for directors who are Audit & Supervisory Committee members per resolution of the Ordinary General Meeting of Shareholders, held June 29, 2021.

To better align values between Sharp directors who are members of the Audit & Supervisory Committee and shareholders, the Company grants restricted stock as nonmonetary remuneration separate from the framework for monetary remuneration to directors who are members of the Audit & Supervisory Committee, up to a limit of ¥60 million (30,000 shares) per fiscal year. This remuneration is designed to improve a greater awareness of the need for comprehensive audit and supervision, to prevent loss of corporate value, and to maintain trust in the Company.

The Ordinary Meeting of General Shareholders approves the scope of monetary and nonmonetary remuneration for individual directors who are members of the Audit & Supervisory Committee, the amounts of which are then determined according to discussions among directors who are members of the Audit &

Supervisory Committee.

Remuneration, etc. for Sharp directors (excluding directors who are members of the Audit & Supervisory Committee) for FY2024 was ¥266 million (eight directors, including two directors who retired during the term). Remuneration, etc. for directors who are members of the Audit & Supervisory Committee was ¥83 million (three outside directors).

The Company does not disclose remuneration for individual directors.

Ongoing Development of the Internal Control System

In May 2006, the Board of Directors passed a resolution to adopt the Basic Policy for Internal Control (final revision in August 2024). Sharp is currently engaged in the development and operation of internal control systems in accordance with this Basic Policy. The Internal Control Committee, which serves as an advisory body to the Board of Directors, deliberates on basic policies regarding internal controls, internal audits, and the status of internal controls-related policies and operations. The committee reports on or refers matters to the Board of Directors as necessary. Sharp has established departments to supervise and implement measures and initiatives related to internal controls on a company-wide basis. Sharp has also established an independent internal audit division to evaluate the effectiveness of internal control and provide feedback on a continuing basis.

To enhance compliance throughout the Group, Sharp introduced the Sharp Group Charter of Corporate Behavior, a set of principles to guide corporate behavior, and the Sharp Code of Conduct, which clarifies the conduct expected of all directors, executives, and employees of Sharp. Disseminating these throughout the Company and conducting annual trainings fosters a mindset of preventing problems before they occur. In accordance with the Basic Rules of Compliance, Sharp is also developing a company-wide compliance promotion system. Sharp is also formulating the Sharp Group Compliance Guidebook which points out specific standards for items to be observed, prohibited items, and actions to be taken by all directors, executives, and employees. This is being provided to the whole company in order to ensure thorough compliance.

On the subject of compliance-related whistleblowing systems, we have established the Crystal Hotline to handle various issues regarding compliance, including organizational or individual violations of the law or ethics at Sharp or domestic subsidiaries as well as the Competition Law Hotline to handle issues regarding competition laws. These hotlines have been established both internally and externally (making use of advisory law firm services) in keeping with the Whistleblower Protection Act and may be used by any employees or temporary employees of the Sharp Group in Japan, or employees of its business partners*, etc. In addition, our major overseas bases have also established similar whistleblowing and consultation facilities.

To deal comprehensively and systematically with a wide range of business risks, Sharp formulated its Business Risk Management Guidelines for the prevention of risk and for the swift response to any emerging risks.

*Business partners may only use the Crystal Hotline.

Amount of Remuneration, etc. for Directors in FY2024

Category	Total remuneration, etc. (million yen)	Breakdown of remuneration, etc. by type (million yen)			Number of applicable directors
		Monetary remuneration	Nonmonetary remuneration, etc.	Restricted stock remuneration	
Directors (excluding directors on the Audit & Supervisory Committee)	266	244	21	—	8
(Of which, outside directors)	(42)	(42)	(—)	(—)	(6)
Directors on the Audit & Supervisory Committee (All outside directors)	83	64	—	18	3

| Risk Factors

Listed below are the principal business risks of the Company and its consolidated subsidiaries ("the Group") that may have a significant influence on investors' decisions and countermeasures.

Note that in addition to these, there exist certain other risks that are difficult to foresee.

Each of these risks has the potential to impact the operations, business results, and financial position of the Group.

All references to possible future developments in the following text were made by the Group at the end of FY2024 (or as of June 26, 2025 as appropriate).

(1) Global market trends and overseas businesses

(Risk)

The Group conducts our business not only in Japan but also in different regions around the world. Business results and financial position are thus subject to economic trends (especially private consumption and corporate capital investment trends), competition with other companies, product demand, raw material supply, and price fluctuations in each region around the world, including Japan.

In addition, various factors may have negative impacts on the Group performance and financial position. Such factors include intensifying trade frictions caused by U.S. tariff policies and countermeasures by other countries, as well as increasing uncertainty in the global economy.

(Countermeasure)

Business units that control the Company's overseas subsidiaries collect risk and other information that may impact the Group's operations, including global market trends, in cooperation with their local offices

and make necessary operational decisions. Business results of the overseas subsidiaries and business units are reported to management regularly, determining the necessary risk responses on a case-by-case basis by analyzing the latest circumstances.

(2) Exchange rate fluctuations

(Risk)

The proportion of consolidated net sales accounted for by overseas sales was 66.7% in FY2023 and 59.4% in FY2024. The Group sells products made overseas in the Japanese market, and also sells products in countries where it does not manufacture the products. Therefore, the Group's business results may be impacted by exchange rate fluctuations.

(Countermeasure)

The Group hedges the risk of exchange rate fluctuations by employing forward exchange contracts and expanding and strengthening optimally located production.

(3) Dependence on certain businesses, products, and clients

(Risk)

The Device Business tends to depend on clients to a certain degree due to the characteristics of a business model in which Sharp supplies clients with products tailored to their specifications. As a result, Group business results and financial position could be affected if Group sales languish due to declining demand for major clients' products, changes in major client product specifications, and changes in the major clients' sales strategies, among other factors.

(Countermeasure)

Sharp aims to reduce reliance on specific major clients in the Device Business by strengthening our technological capabilities and expanding our customer

base. In addition, we pursue further business growth in the Brand Business, where dependence on specific customers is relatively low. Our efforts include strengthening existing businesses by increasing the sales ratio of high-value-added products and expanding our customer base, while accelerating the use of new technologies and launching new businesses in growth areas.

(4) Strategic alliances and collaborations

(Risk)

The Group has forged strategic alliances and collaborations with other companies in order to enhance corporate competitiveness, improve profitability, and bolster the development of new technologies and products in various business fields. If, however, any strategic issues with such strategic partners or other business issues arise, or goals change, it may become difficult to maintain such alliances and collaborative ties with these companies, or to generate adequate results. In such cases, the Group's business results and financial position may be impacted.

(Countermeasure)

The Group believes that importance of strategic alliances and collaborations will grow in the future. To lead them to success, the Company thoroughly verifies the strategic necessity of the business, profitability, and financial appropriateness at the stage of feasibility study of strategic alliances and collaborations, and makes decisions after deliberation at the Executive Management Meeting and the Board of Directors.

After executing them, the Company monitors the progress of the alliances and collaborations under close cooperation with the relevant business units, and reports to management early if it is determined that the expected results cannot be achieved, to ensure that

measures can be taken to minimize the impact they may have on the Group's business results and financial position.

(5) Relations with parent company group

(Risk)

The equity investments from our parent company group (including Hon Hai Precision Industry Co., Ltd., subsidiaries, and affiliates) allowed the Group to invest in growth, and to pursue operational synergies using the technological, productivity, and cost capabilities of the parent company group. However, we cannot guarantee that operational synergies between the Group and the parent company group will occur as envisioned.

A change in the parent company group's business strategies or competitive relationship with the parent company group arising in the future may adversely affect the Group's operations, business results, and financial position.

Decision making of important matters, such as management policy and business development may be biased by the parent company group and maintaining our independence and autonomy may not be possible.

(Countermeasure)

The Group conducts business operations by maximizing operational synergies with the parent company group while fully respecting independence and autonomy between both entities and in close cooperation with the parent company group. The Group identifies areas where the Group can create synergy effects with the parent company group, such as its operational efficiency improvement and expansion of its sales and profits, and the Group appropriately verifies the expected synergies in those areas in cooperation with the parent company group in an

effort to implement them.

Our parent company group engages mainly in outsourced production of electronic equipment. The Group handles the manufacturing and sales of telecommunications equipment, electrical appliances, and general electronics application equipment and components under the Sharp and other brands. Therefore, the Group believes that there is no competition in the parent company group that may impact the Group's operations.

The Company strives to grow, develop, and improve its performance in close cooperation with the parent company group, while fully respecting independence and autonomy between both entities. The Company recognizes that working together with the parent company group to increase the Company's operational efficiency and expand its sales and profits will benefit the interests of non-controlling shareholders.

(6) Dealings with suppliers

(Risk)

The Group procures materials and receives services from a large number of business partners.

There is a possibility that the Group may be unable to secure a sufficient supply of certain materials for which suppliers are limited, due to (1) concerns over supply chain disruptions arising from heightened geopolitical risks and (2) deterioration in the performance of business partners caused by rising labor costs, raw material prices, and energy prices. In addition, the Group must pay close attention to human rights, environmental issues, and regulatory requirements with the rise of sustainability.

We may be unable to secure optimal procurement sources, even with our multi-sourcing strategy to address such concerns, and we may also be

forced to do business with alternative suppliers under less favorable terms than current conditions.

Any of these factors could lead to increases in costs and/or delays in deliveries to customers, which may adversely affect the Group's business results and financial position.

(Countermeasure)

Before initiating business with new suppliers, Sharp first conducts thorough credit checks. The Group also conducts assessments on business partner management to monitor their business condition. To address risks in the supply chain, the Group introduced a supply chain CSR management system, and regularly evaluates suppliers at domestic and overseas production sites. Furthermore, to ensure a stable supply of parts, materials, and other components, and to optimize procurement costs, the Group strengthens partnerships with suppliers through multi-sourcing, long-term quotas, and other means.

(7) Other factors affecting financial position

(Risk)

The Group raises funds through borrowings from financial institutions such as banks. The debt to total assets ratio is 35.6% at the end of FY2024. The Group might become subject to restrictions on how it uses its cash flows in order to repay debt, and also face the possibility of an increase in expenses due to rising interest rates. The Group has the possibility of increases in fund raising costs as well as limitations on fund raising. This may be because necessary funds cannot be raised at the required time with adequate conditions, including for the refinancing of existing debt. These factors may affect the Group's business results and financial position.

The Group has borrowing agreements with

multiple financial institutions, and some of the agreements entail financial covenants. The Group may forfeit the benefit of time with respect to such borrowings at the request of the lenders due to any of the following reasons: (1) If consolidated net assets fall below the levels specified under such financial covenants, (2) if the Company fails to undertake faithful consultations in the event that its consolidated operating profit and profit attributable to owners of parent fall below specified levels, (3) if its consolidated ordinary profit cannot be kept at certain levels, or (4) if the Company or any of our consolidated subsidiaries becomes excess liabilities.

The Group's dependence on borrowings, credit ratings reduction caused by it, or deterioration of the Group's financial position may work to its disadvantage with respect to competition with other companies with robust financial positions, and contract-related issues could also arise between the Group's and its lenders or business partners.

(Countermeasure)

Sharp's major lending institutions are Mizuho Bank, Ltd. and MUFG Bank, Ltd. Sharp shares information with both banks on our management and financial position and, as necessary, consults with both banks about ways to improve these areas and other matters. Sharp also shares information about its financial position with other financial institutions with which Sharp has borrowing agreements. Sharp strives to ensure stable fundings by keeping good relations with our correspondent financial institutions and maintaining and renewing loan agreements, including the syndicated loan agreement, which is the main borrowing agreement for the Group, and commitment line agreements.

(Material events related to the going concern assumption)

In FY2024, the Group halted production in the large-size display business (Sakai Display Products Corporation) and completed the sale of land, buildings, and other assets related to the LCD panel plant to SoftBank Corp. Furthermore, we executed transfer agreements for the camera module business, and laser and semiconductor businesses with subsidiaries of the parent company, Hon Hai Precision Industry Co., Ltd., and thereby steadily implemented the Asset Light Initiatives of the Device Business set forth in the Medium-Term Management Direction in May 2024. Under our policy of business transformation to focus on the Brand Business, the operating loss of the Display Device Business narrowed significantly, mainly driven by initiatives to optimize factories in the small- and medium-size display business. At the same time, profits steadily increased in the Brand Business, resulting in an operating profit of 27,338 million yen, net profit attributable to owners of the parent amounted of 36,095 million yen, and net assets recovered to 167,709 million yen, an increase of 6.5% year on year.

Although our financial position is improving in this way, the Company and certain consolidated subsidiaries possessed excess liabilities at the end of FY2024, violating the financial covenants outlined in the loan agreement. However, the lending institutions have agreed not to claim this right of forfeiture, and we continue to maintain good business relationships with the lenders as in the past as a result of their positive evaluations of our aforementioned efforts among other reasons. Furthermore, we determined that there is no significant concern regarding financing, as we have also concluded commitment line agreements totaling 200,000 million yen.

Although events and circumstances exist that may raise significant doubts about our premise of a going concern, no significant uncertainties have been identified. As such, Notes Related to the Going Concern Assumption is not applicable.

(8) Technological innovation

(Risk)

Rapid technological advancement and proper response to changes in the business areas where the Group operates improves the competitiveness of the Group's products and services, whereas insufficient response to the following items may adversely affect the growth and business results.

- Prediction and response to the technological advancement and rise and fall, and their social significance
- Selection and concentration in R&D, and proper resource allocation
- Technological enhancement for new areas
- Acceleration of R&D in collaboration with external partners

In addition, there are moves to strengthen export control of advanced technologies from the perspective of international security. Export restrictions on products containing more than a certain amount of added value from the targeted technologies could have an indirect impact on our business.

(Countermeasure)

Group research and development is not limited to mere improvement of technological standards, but also focuses on creating technologies that solve issues arising with rapid changes in society. We focus in particular on growth areas such as AI applications using our proprietary CE-LLM* technology, which combines edge and cloud AI, as well as next-generation communication technologies, Green Energy,

and EVs. In addition, to promptly implement necessary technologies in society, we advance the creation of new services and solutions by effectively utilizing our business foundation built to date. We also work to strengthen our technological capabilities and accelerate development through active collaboration outside the Company.

Through these initiatives, we reduce risks associated with social changes and technological innovations, and aims to become a brand company that continues to grow sustainably through technological advancement.

In addition to complying with export and import control laws and regulations in the operational activities, we execute control for export and import in conformance with laws and regulations as well as regulatory situation in each country and region in R&D to deal with the tightening of control of emerging technologies involving social platforms for global infrastructure, defense, security, and so on.

* CE-LLM (Communication Edge-LLM) is a registered trademark of Sharp Corporation. CE-LLM is a proprietary technology of Sharp that, depending on the application, switches between edge AI, which delivers fast responses and strong security, and cloud AI, which offers deep reasoning and broad versatility.

(9) Intellectual property rights

(Risk)

The Group strives to protect its unique technologies by acquiring intellectual property rights in Japan and in other countries, and by concluding contracts with other companies.

There may also be instances in which no rights are granted to the Group's patent applications, or where a third party launches litigation against the Group, claiming infringement of intellectual property rights.

Resolution of cases may place a significant financial burden on the Group. Furthermore, if a third party claim against the Group is recognized, the

Group may be subject to damages, including by having to pay a large amount of compensation, or by having to cease using the technology in question.

In addition, intellectual property that the Group holds may not result in a superior competitive advantage, or the Group may not be able to make effective use of such intellectual property, such as when a third party infringes on the intellectual property rights of Sharp.

If any of the above problems related to intellectual property rights were to occur, it could impact the Group's business results and financial position.

(Countermeasure)

Under recognition that the intellectual property rights are important assets for a company, the Group strives to actively create intellectual properties, and tries to acquire strong rights by mainly using the Company's subsidiary, Sharp IP Infinity Co., Ltd., its intellectual property rights application and acquisition division.

Before releasing its products, the Group checks the clearance of intellectual property rights by thoroughly checking the intellectual property rights of third parties, and at the same time, the Group improves clearance accuracy by standardizing the clearance process. Thus, the Group implements measures against the risk of infringing on the intellectual property rights of third parties.

Further, the Group maximizes the use of intellectual property rights in conjunction with the business and R&D strategies, and at the same time, protects its intellectual property rights and fully respects the intellectual property rights of third parties. In principle, the Group resolves a dispute concerning an infringement of rights through dialogue, but if its intellectual property rights are not respected by third parties, the Group does not hesitate to seek a judgment

by third parties, such as a court.

(10) Product liability

(Risk)

Many of the Group's products are for consumer use, and also incorporate innovative technologies. If defects arise in any of these products, the Group may incur responsibility as a manufacturer and other obligations.

There is a risk of a large-scale product recall or litigation caused by unforeseen events, which may adversely affect the Group's brand image or influence our business results and financial position.

(Countermeasure)

The Group not only complies with public safety standards in each country to ensure the safety of its products but also improves safety by combining the risk assessment policy with its unique safety criteria. To ensure safety even if an unexpected problem arises, in particular criteria for inflammable structure, malfunction test, etc. were established, and they are revised when necessary to pursue a higher level of safety, and training is performed for internal stakeholders to ensure that the safety criteria are understood and shared by the design and quality departments. The Group has established a system to ensure safety to make sure that an emergency action can be taken quickly and appropriately when a problem arises. In order to fulfill its responsibility as a manufacturer in case product defects do arise, the Group takes out out insurance to cover compensations based on product liability.

(11) Competition to secure skilled personnel

(Risk)

Failure to secure skilled personnel in the technology

and management fields could affect the Group's business results and financial position.

(Countermeasure)

The Company implements the following measures to secure skilled personnel in the technology and management fields. The Company actively hires new graduates in order to acquire new talents according to its business policies. The Company also actively hires experienced personnel in order to secure core personnel responsible for new businesses.

The Company created education and training programs that allow all employees to acquire basic and professional knowledge by self-driven learning to develop professional personnel who can fulfill their professional duties.

As a platform where diverse human resources can work with peace of mind, the Company actively implements initiatives in consideration of the work-life balance of employees, such as creating various programs to strike a balance between work and child-care/nursing care/medical treatment.

(12) The impact of climate change

(Risk)

Group business results and financial position could be affected by stricter regulations on greenhouse gas emissions, increased energy costs associated with the introduction of a carbon tax, and tighter measures to reduce greenhouse gas emissions.

In addition, disasters caused by increasingly larger typhoons and greater precipitation due to climate change may cause production sites to suspend operations or interrupt parts supply.

(Countermeasure)

The Company ensures compliance with existing regulations and standards. In addition, we strive to remain abreast of legal and regulatory trends and

participate in policy-making opportunities. We also endeavor to reduce or minimize our cost burden by improving production efficiency and energy conservation. Further, the Company has formulated a business continuity plan in the event that production sites or employees suffer damage from natural disasters. We maintain and improve our organization's business continuity capabilities through regular reviews and drills.

In addition to the risks above, there are various potential risks, including a risk of dealing with a large number of clients, capital investment risk, regulatory risk, or large-scale natural disaster risk. There are other potential risks that are not mentioned in this section which may adversely affect the Group's business results and financial position.

(Risk management system)

The Group sees the risk management as one of the important activities to fulfill our social responsibilities by growing the business sustainably and meeting the expectations of our stakeholders.

Specifically, We have established the Business Risk Management Guidelines as basic rules for the risk management, created a company-wide risk management system in line with the guidelines, and selected risks that have significant impact on the business as "specific risks" and manages them.

To respond to changes in the business and market environments, We consider adding or changing specific risks every fiscal year for all specific risks, and evaluating and reviewing the added or changed specific risks. The functional department that manages company-wide risks works together with business units in charge of managing their business segments to minimize and mitigate risks and take the

necessary measures to prevent them. In addition, in the event that a material risk arises, the department where the incident arises reports it to the Internal control Planning Division that serves as risk management secretariat as well as management, works together with the relevant departments to respond to the relevant incident, and, when necessary, considers company-wide improvement measures to prevent recurrence.

Members of the Board, Executives and Chairman

(As of June 27, 2025)

Members of the Board



Member of the Board
(Representative)

Po-Hsuan Wu

Board of Directors Chairperson



Member of the Board
(Representative)

Masahiro Okitsu

○ Outside Directors
■ Independent Directors



Member of the Board

Seiichi Nagatsuka ○■



Member of the Board

Koji Yano ○■



Member of the Board
(Member of Audit &
Supervisory Committee)

Yasuo Himejiwa ○■



Member of the Board
(Member of Audit &
Supervisory Committee)

Yumiko Kajiwara ○■



Member of the Board
(Member of Audit &
Supervisory Committee)

Hiroyuki Murase

Audit & Supervisory Committee
Committee Chairperson

	Name	Skills Matrix					Attendance at Board/ Audit and Supervisory Committee in FY2024 (Meetings attended/ No. of meetings held *)
		Corporate Management and Business Strategy	International Business and Overseas Knowledge	Engineering and Technology	Finance and Accounting	Risk Management and Compliance	
Members of the Board	Po-Hsuan Wu	●	●		●	●	Board of Directors 100% (11/11)
	Masahiro Okitsu	●	●	●		●	Board of Directors 100% (11/11)
	Seiichi Nagatsuka	●	●			●	Board of Directors 100% (8/8)
	Koji Yano				●	●	—
Members of the Board (Members of Audit & Supervisory Committee)	Yasuo Himejiwa		●		●	●	Board of Directors 100% (11/11) Audit & Supervisory Committee 100% (13/13)
	Yumiko Kajiwara	●	●	●		●	Board of Directors 100% (8/8)
	Hiroyuki Murase		●		●	●	—

*Attendance for Mr. Seiichi Nagatsuka reflects the period after his appointment as Member of the Board on June 27, 2024.

*Attendance for Ms. Yumiko Kajiwara reflects the period after her appointment as Member of the Board (not serving on the Audit & Supervisory Committee) on June 27, 2024.

Executives

Deputy Chairman	Po-Hsuan Wu	Executive Managing Officer Co-Chief Operating Officer	Yasufumi Sugahara
President			
Chief Executive Officer	Masahiro Okitsu	Executive Officer Chief Digital Officer	Yoshiro Nakano
Senior Executive Managing Officer Chief Financial Officer	Yoshio Kosaka	Executive Officer	Katsuhiko Kawai
Senior Executive Managing Officer Chief Technical Officer	Mototaka Taneya	Executive Officer Co-Chief Operating Officer	Shigeru Kobayashi
Senior Executive Managing Officer Chief Business Development Officer	Tetsuji Kawamura		

Chairman

Chairman	Young-Way Liu
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Nominating Committee and Compensation Committee Members (◎ indicates committee chair)

- Nominating Committee: Yumiko Kajiwara ◎, Yasuo Himejiwa, Seiichi Nagatsuka, Koji Yano, Masahiro Okitsu
- Compensation Committee: Koji Yano ◎, Yasuo Himejiwa, Yumiko Kajiwara, Seiichi Nagatsuka, Masahiro Okitsu

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Financial Review

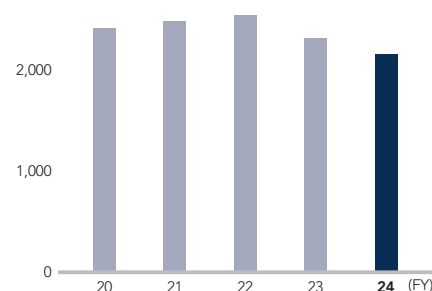
Sharp Corporation and Consolidated Subsidiaries

Net Sales

Consolidated net sales for FY2024 amounted to ¥2,160,146 million, down ¥161,774 million (7.0%) year on year.

Net Sales

(billions of yen)
3,000

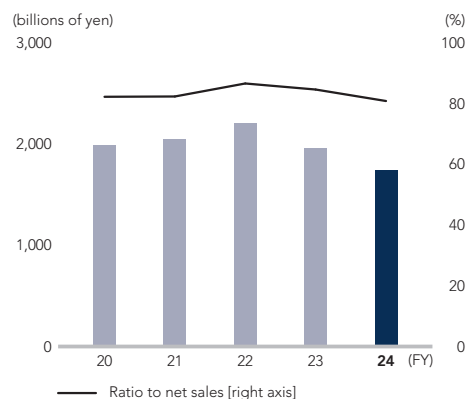


Financial Results

Cost of sales decreased ¥219,594 million to ¥1,754,437 million, while the cost of sales ratio decreased from 85.0% to 81.2% year on year.

Cost of Sales

(billions of yen)
3,000



Selling, general and administrative (SG&A) expenses increased ¥10,138 million to ¥378,370 million year on year, and the ratio of SG&A expenses against net sales increased from 15.9% to 17.5% accordingly. SG&A expenses include salaries and allowances of ¥131,732 million, retirement benefit expenses of ¥5,479 million, transportation and storage costs of ¥46,490 million, and research and development expenses of ¥24,995 million.

As a result, operating profit amounted to ¥27,338 million, compared to operating loss of ¥20,343 million in the previous fiscal year.

Non-operating income decreased ¥12,342 million to ¥27,741 million mainly due to a decrease in foreign exchange gains while non-operating expenses increased ¥10,600 million to ¥37,426 million mainly due to an increase in foreign exchange losses despite a decrease in interest expenses.

Extraordinary income increased ¥108,180 million to ¥123,115 million mainly due to an increase in gain on sales of non-current assets as well as the investment securities, while extraordinary losses decreased ¥58,281 million to ¥87,131 million mainly due to a decrease in impairment losses despite an increase in business restructuring expenses.

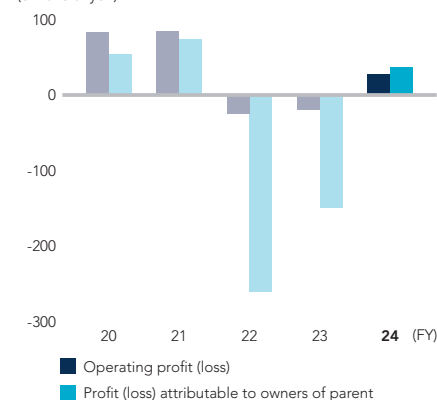
As a result, profit before income taxes totaled ¥53,637 million, compared to loss before income taxes of ¥137,563 million in the previous fiscal year.

Profit attributable to owners of parent amounted ¥36,095 million, compared to loss attributable to owners of parent of ¥149,980 million in the previous fiscal year.

Basic earnings per share amounted to ¥55.59.

Operating Profit (Loss)/ Profit (Loss) Attributable to Owners of Parent

(billions of yen)



Segment Information

<Brand Business>

[Smart Life & Energy]

Sales increased 2.0% year on year to ¥461,351 million. In the white goods business, sales increased due to growth in sales of refrigerators and washing machines in ASEAN, supported by progress in high value-added products, as well as good performance in cooking appliances in Europe and the United States. Sales in the energy solutions business decreased, mainly due to the impact of business termination in Europe. Segment profit decreased 26.8% year on year to ¥20,343 million due to the profit decline in white goods business and the energy solutions business. This result was mainly due to the negative impact of the weakening yen on both businesses, as well as expenses related to the termination of operations in Europe in the energy solutions business,

despite efforts to advance high value-added product development and reduce costs.

[Smart Office]

Sales increased 16.9% year on year to ¥680,606 million. Amid replacement demand associated with the end of Windows 10 support, sales in the PC business increased significantly due to strong sales growth for enterprise customers in Japan, driven by strong performance in premium mobile models for enterprise customers. Segment profit increased 43.6% year on year to ¥42,627 million. In the PC business, higher sales and progress in high value-added products contributed to the significantly increased profit, despite the negative impact of the weakening yen. In the business solutions business, profit increased due to the steady profit in the MFP business and the effects of structural reforms in the information display business.

[Universal Network]

Sales increased 8.5% year on year to ¥338,516 million. Sales in the mobile communication business increased significantly, mainly due to strong sales of new product models. Sales in the TV business also increased, supported by higher overseas sales in the Americas, Europe, and Asia, as well as steady sales of XLED and OLED models in Japan. Segment profit amounted to ¥18,682 million, 2.1 times higher than the previous fiscal year. Profit increased significantly due to higher sales, transition towards high value-added models and stronger cost competitiveness in the TV business, and one-time income in the mobile communication business.

Financial Review

<Device Business>

[Display Device]

Sales decreased 17.5% year on year to ¥507,139 million. Sales of XR panels increased, and sales of automotive panels were almost the same level as the previous fiscal year. However, sales declined for large-sized displays, for which production was ceased at Sakai Display Products Corporation, as well as for panels for smartphones and for PCs and tablets. Segment loss amounted to ¥40,513 million, compared to a segment loss of ¥83,290 million in the previous fiscal year. Although sales decreased, the effects of structural reforms led to a significant

reduction in losses in both the large-sized display and small- and medium-sized display businesses.

[Electronic Device]

Sales decreased 49.6% year on year to ¥202,255 million. This result was mainly due to fluctuations in customer demand for sensor modules, despite significant sales growth in semiconductor lasers for automotive and processing applications. Segment profit decreased 56.3% year on year to ¥5,754 million, mainly due to lower sales despite efforts to reduce expenses.

Sales by Segment

	Yen (millions)	
	FY2023	FY2024
Smart Life & Energy	¥ 452,522	¥ 461,351
Smart Office	582,003	680,606
Universal Network	311,891	338,516
Display Device	614,950	507,139
Electronic Device	401,225	202,255
Subtotal	2,362,593	2,189,870
Adjustments	(40,671)	(29,724)
Total	2,321,921	2,160,146

Segment Profit (Loss) by Segment

	Yen (millions)	
	FY2023	FY2024
Smart Life & Energy	¥ 27,775	¥ 20,343
Smart Office	29,674	42,627
Universal Network	8,880	18,682
Display Device	(83,290)	(40,513)
Electronic Device	13,181	5,754
Subtotal	(3,778)	46,893
Adjustments	(16,564)	(19,555)
Total	(20,343)	27,338

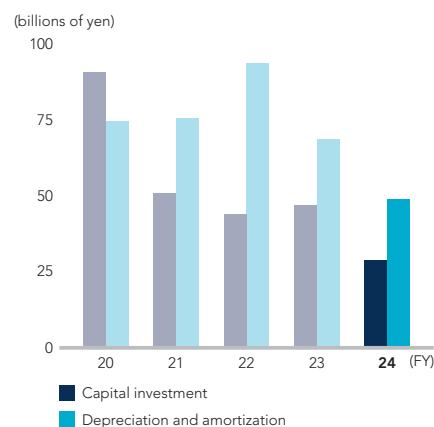
Capital Investment and Depreciation

Capital investment totaled ¥29,976 million, down 37.1% year on year. We made investments in production equipment for display devices, as well as for white goods and MFPs at overseas bases. Capital investment in Display Device and Electronic Device decreased due to progress in Asset Light Initiatives in the Device Business.

By business segment, capital investment was ¥4,327 million for Smart Life & Energy, ¥8,632 million for Smart Office, ¥716 million for Universal Network, ¥10,028 million for Display Device, and ¥2,097 million for Electronic Device. Investment of ¥4,173 million was made in the research and development division and head office.

Depreciation and amortization decreased 29.0% to ¥49,115 million year on year.

Capital Investment/Depreciation and Amortization



Assets, Liabilities and Net Assets

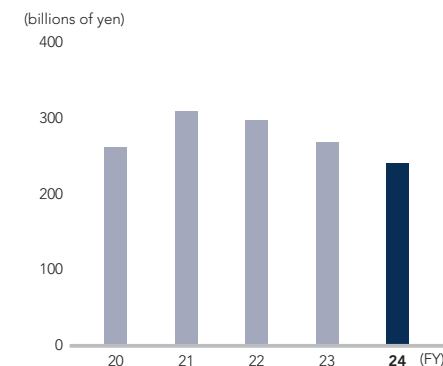
Total assets at fiscal year-end amounted to ¥1,453,730 million, down ¥136,301 million from the end of the previous fiscal year.

Assets

Current assets amounted to ¥979,817 million, down ¥10,411 million from the end of the previous fiscal year. This was mainly due to decreases in notes and accounts receivable - trade, and contract assets by ¥27,751 million and inventories by ¥27,503 million from the end of the previous fiscal year, despite an increase in cash and deposits by ¥52,177 million. Notes and accounts receivable - trade, and contract assets amounted to ¥379,787 million. Inventories amounted to ¥242,081 million. Within total inventories, finished goods increased ¥276 million to ¥153,906 million, work in process decreased ¥17,735 million to ¥44,181 million, and raw materials and supplies decreased ¥10,043 million to ¥43,993 million from the end of the previous fiscal year.

Property, plant and equipment decreased ¥78,224

Inventories



Financial Review

million from the end of the previous fiscal year to ¥201,899 million.

Investments and other assets amounted to ¥235,433 million, down ¥53,166 million from the end of the previous fiscal year.

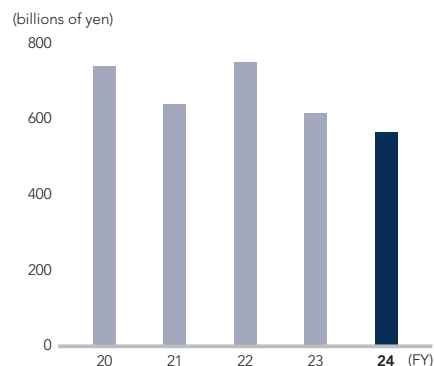
Liabilities

Current liabilities decreased ¥99,433 million from the end of the previous fiscal year to ¥756,923 million. This was mainly due to decreases in notes and accounts payable-trade, electronically recorded obligations, and lease liabilities by ¥39,290 million, ¥26,212 million, ¥12,573 million, respectively, from the end of the previous fiscal year.

Non-current liabilities decreased ¥47,152 million from the end of the previous fiscal year to ¥529,097 million. This was mainly due to a decrease in long-term borrowings by ¥51,222 million.

Interest-bearing debt totaled ¥567,653 million, down ¥49,938 million from the end of the previous fiscal year.

Interest-Bearing Debt

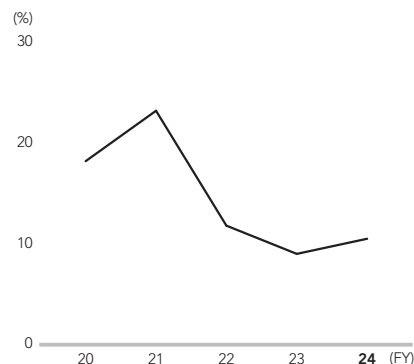


Net Assets

Net assets amounted to ¥167,709 million, up ¥10,284 million compared to the previous fiscal year-end balance of ¥157,424 million. This was mainly due to an increase in retained earnings by recording the profit attributable to owners of parent despite a decrease in valuation difference on available-for-sale securities and foreign currency translation adjustment.

The equity ratio improved from 9.0% at the end of the previous fiscal year to 10.5%.

Equity Ratio



Cash Flows

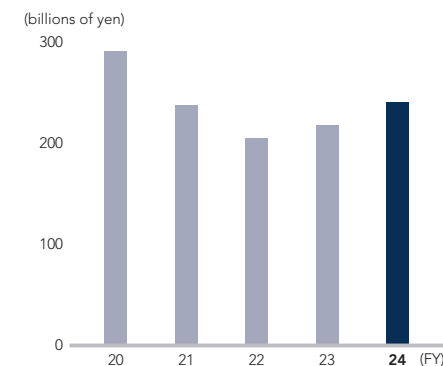
Cash and cash equivalents were ¥242,703 million, up ¥23,574 million from the end of the previous fiscal year.

Cash used in operating activities amounted to ¥1,590 million compared to cash provided of ¥124,495 million in the previous fiscal year. This decrease was mainly due to decreases in cash flow of ¥31,700 million from changes in accounts receivable - trade, and contract assets and ¥21,062 million from changes in trade payables compared to the previous fiscal year, as well as a one-time cash outflow of ¥34,771 million related to the repayment of accounts payable following the cease of production in the large-sized display business.

Cash provided by investing activities totaled ¥103,743 million, up ¥92,867 million compared to ¥10,875 million in the previous fiscal year. This increase was mainly due to an increase of ¥101,730 million in proceeds from sale of property, plant and equipment, under Asset Light Initiatives, and an increase of ¥44,233 million in proceeds from sale of investment securities, compared to the previous fiscal year.

Cash used in financing activities was ¥74,768 million, down ¥74,900 million compared to ¥149,668 million in the previous fiscal year. This result was mainly due to a decrease in repayments of long-term borrowings, which totaled ¥60,567 million in the current fiscal year compared with ¥157,207 million in the previous fiscal year.

Cash and Cash Equivalents



Notes:

1. Sales figures by segment shown in Segment Information include internal sales and transfers among segments. Segment income figures are amounts before adjustment for inter segment trading.
2. Effective from the second quarter of FY2024, Sharp Semiconductor Innovation Corporation, which was previously under the Electronic Device segment, has been included in the Smart Life & Energy segment in accordance with an organizational change. Figures for FY2023, have been adjusted to reflect the new classification.
3. Capital investment figures shown in Capital Investment and Depreciation include the amount of leased assets.

Consolidated Balance Sheets

	Yen (millions)	
	FY2023	FY2024
ASSETS		
Current Assets		
Cash and deposits (Notes 2 (c) and 6)	¥ 227,130	¥ 279,307
Notes and accounts receivable - trade, and contract assets (Notes 2 (c), 2 (f), and 8)	407,538	379,787
Inventories (Notes 2 (b) and (c))	269,584	242,081
Other (Notes 2 (c) and 7)	90,998	84,495
Allowance for doubtful accounts	(5,024)	(5,854)
Total current assets	990,228	979,817
Non-current Assets		
Property, plant and equipment		
Buildings and structures (Note 2 (c))	623,523	590,183
Machinery, equipment and vehicles (Note 2 (c))	1,164,709	1,002,312
Tools, furniture and fixtures (Note 2 (c))	144,944	136,473
Land (Note 2 (c))	69,641	57,760
Construction in progress	7,126	3,463
Other	68,580	50,110
Accumulated depreciation	(1,798,401)	(1,638,404)
Total property, plant and equipment	280,123	201,899
Intangible assets		
Software	20,988	17,801
Goodwill	5,422	7,264
Other	4,669	11,514
Total intangible assets	31,080	36,580
Investments and other assets		
Investment securities (Notes 2 (a), 2 (c), 8 and 9)	238,581	185,710
Retirement benefit asset (Note 12)	5,363	4,729
Deferred tax assets (Note 14)	21,872	18,496
Other (Notes 2 (c) and 7)	24,268	28,398
Allowance for doubtful accounts	(1,485)	(1,902)
Total investments and other assets	288,599	235,433
Total non-current assets	599,803	473,913
Total assets	¥ 1,590,032	¥ 1,453,730

The accompanying notes to consolidated financial statements are an integral part of these statements.

	Yen (millions)	
	FY2023	FY2024
LIABILITIES		
Current Liabilities		
Notes and accounts payable - trade	¥ 318,159	¥ 278,869
Electronically recorded obligations - operating	37,094	10,881
Short-term borrowings (Notes 2 (c), 2(g) and 11)	115,969	111,257
Lease liabilities	16,264	3,691
Accrued expenses	124,653	117,624
Provision for bonuses	17,423	19,481
Provision for product warranties	16,685	13,096
Provision for sales promotion expenses	2,830	2,560
Provision for restructuring	4,903	14,802
Other provisions	7,702	8,631
Other (Notes 2 (c), 2 (f) and 11)	194,669	176,026
Total current liabilities	856,357	756,923
Non-current Liabilities		
Long-term borrowings (Notes 2 (c), 2(g), 8 and 11)	457,623	406,400
Deferred tax liabilities (Note 14)	20,345	13,813
Provision for product warranties	5,756	5,261
Provision for restructuring	6,286	3,758
Other provisions	2,991	2,689
Retirement benefit liability (Note 12)	52,911	45,604
Other (Notes 11)	30,336	51,570
Total non-current liabilities	576,250	529,097
Total liabilities	1,432,607	1,286,021
NET ASSETS		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	148,594	148,983
Retained earnings	(90,178)	(54,082)
Treasury shares	(13,387)	(13,389)
Total shareholders' equity	50,028	86,511
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,396	20,818
Deferred gains or losses on hedges	508	(1,437)
Foreign currency translation adjustment	52,870	46,571
Remeasurements of defined benefit plans	(1,381)	902
Total accumulated other comprehensive income	92,393	66,855
Share acquisition rights (Note 5(b))	756	1,279
Non-controlling interests	14,246	13,062
Total net assets	157,424	167,709
Total liabilities and net assets	¥ 1,590,032	¥ 1,453,730

Consolidated Statements of Operations

	Yen (millions)	
	FY2023	FY2024
Net Sales (Notes 3 (a), 16 and 17)	¥ 2,321,921	¥ 2,160,146
Cost of Sales (Notes 3 (b) and (d))	1,974,032	1,754,437
Gross profit	347,888	405,708
Selling, General and Administrative Expenses (Notes 3 (c) and (d))	368,232	378,370
Operating profit (loss) (Note 17)	(20,343)	27,338
Non-operating Income		
Interest income	4,556	5,090
Dividend income	1,865	1,387
Rental income from non-current assets	4,580	3,196
Foreign exchange gains	13,365	—
Share of profit of entities accounted for using equity method	8,359	7,910
Investment income	1,130	2,099
Other	6,225	8,057
Total non-operating income	40,084	27,741
Non-operating Expenses		
Interest expenses	10,801	10,296
Foreign exchange losses	—	12,612
Inactive asset expenses	3,725	4,435
Other	12,297	10,082
Total non-operating expenses	26,825	37,426
Ordinary profit (loss)	(7,084)	17,653
Extraordinary Income		
Gain on sale of non-current assets (Note 3 (e))	3,622	78,095
Gain on sale of investment securities (Note 3 (f))	113	28,254
Gain on sale of shares of subsidiaries and associates	818	—
Gain on liquidation of subsidiaries and associates	—	103
Gain on step acquisitions (Note 3 (g))	1,312	717
Gain on change in equity (Note 3 (h))	4,203	4,529
Gain on reversal of liabilities (Note 3 (h))	4,863	4,474
Compensation income	—	6,723
Gain on reversal of share acquisition rights	1	216
Total extraordinary income	14,934	123,115
Extraordinary Losses		
Loss on sale and retirement of non-current assets (Note 3 (j))	1,370	1,652
Impairment losses (Note 3 (k))	122,332	54,381
Loss on valuation of investment securities	2,885	1,411
Loss from cancellation of made-to-order production (Notes 3 (b) and (i))	4,718	—
Loss on sale of businesses (Note 3 (l))	2,327	—
Business restructuring expenses (Note 3 (m))	11,777	29,686
Total extraordinary losses	145,413	87,131
Profit (loss) before income taxes	(137,563)	53,637
Income Taxes (Note 14)		
Current	14,552	15,376
Deferred	(2,030)	2,493
Total income taxes	12,522	17,870
Profit (Loss)	(150,085)	35,766
Loss attributable to non-controlling interests	(104)	(328)
Profit (loss) attributable to owners of parent	¥ (149,980)	¥ 36,095

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

	Yen (millions)	
	FY2023	FY2024
Profit (Loss)	¥ (150,085)	¥ 35,766
Other Comprehensive Income:		
Valuation difference on available-for-sale securities	13,911	(19,587)
Deferred gains or losses on hedges	35	(1,946)
Foreign currency translation adjustment	51,492	(5,085)
Remeasurements of defined benefit plans, net of tax	14,763	2,281
Share of other comprehensive income of entities accounted for using equity method	5,464	(1,378)
Total other comprehensive income (Note 4)	85,667	(25,715)
Comprehensive Income	(64,418)	10,050
Comprehensive income attributable to:		
Owners of parent	(66,054)	10,556
Non-controlling interests	1,636	(506)

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Equity

	Yen (millions)												
	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights (Note 5 (b))	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of FY2023	¥ 5,000	¥ 148,929	¥ 59,802	¥ (13,749)	¥ 199,982	¥ 26,469	¥ 475	¥ (2,266)	¥ (16,211)	¥ 8,467	¥ 293	¥ 13,618	¥ 222,362
Changes during period													
Loss attributable to owners of parent			(149,980)		(149,980)								(149,980)
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)								(2)
Purchase of treasury shares				(1)	(1)								(1)
Disposal of treasury shares		(333)		363	29								29
Net changes in items other than shareholders' equity						13,926	33	55,136	14,829	83,926	463	627	85,017
Total changes during period		(335)	(149,980)	361	(149,954)	13,926	33	55,136	14,829	83,926	463	627	(64,937)
Balance at end of FY2023	¥ 5,000	¥ 148,594	¥ (90,178)	¥ (13,387)	¥ 50,028	¥ 40,396	¥ 508	¥ 52,870	¥ (1,381)	¥ 92,393	¥ 756	¥ 14,246	¥ 157,424

	Yen (millions)												
	Shareholders' equity					Accumulated other comprehensive income					Share acquisition rights (Note 5 (b))	Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of FY2024	¥ 5,000	¥ 148,594	¥ (90,178)	¥ (13,387)	¥ 50,028	¥ 40,396	¥ 508	¥ 52,870	¥ (1,381)	¥ 92,393	¥ 756	¥ 14,246	¥ 157,424
Changes during period													
Profit attributable to owners of parent			36,095		36,095								36,095
Change in ownership interest of parent due to transactions with non-controlling interests		390			390								390
Purchase of treasury shares				(1)	(1)								(1)
Disposal of treasury shares		(0)		0	0								0
Net changes in items other than shareholders' equity						(19,577)	(1,946)	(6,298)	2,284	(25,538)	523	(1,184)	(26,199)
Total changes during period		389	36,095	(1)	36,483	(19,577)	(1,946)	(6,298)	2,284	(25,538)	523	(1,184)	10,284
Balance at end of FY2024	¥ 5,000	¥ 148,983	¥ (54,082)	¥ (13,389)	¥ 86,511	¥ 20,818	¥ (1,437)	¥ 46,571	¥ 902	¥ 66,855	¥ 1,279	¥ 13,062	¥ 167,709

Consolidated Statements of Cash Flows

	Yen (millions)	
	FY2023	FY2024
Cash Flows from Operating Activities:		
Profit (loss) before income taxes	¥ (137,563)	¥ 53,637
Depreciation	66,215	48,459
Interest and dividend income	(6,422)	(6,477)
Interest expenses	10,801	10,296
Share of loss (profit) of entities accounted for using equity method	(8,359)	(7,910)
Investment expenses (income)	(1,130)	(2,099)
Loss (gain) on sale and retirement of non-current assets	(2,251)	(76,442)
Impairment losses	122,332	54,381
Loss (gain) on valuation of investment securities	2,885	1,411
Loss (gain) on sale of investment securities	(113)	(28,254)
Loss (gain) on sale of shares of subsidiaries and associates	(818)	—
Loss (gain) on liquidation of subsidiaries and associates	—	(103)
Loss (gain) on step acquisitions	(1,312)	(717)
Loss (gain) on change in equity	(4,203)	(4,529)
Gain on reversal of liabilities	(4,863)	(4,474)
Loss from cancellation of made-to-order production	4,718	—
Loss on sale of businesses	2,327	—
Compensation income	—	(6,723)
Gain on reversal of share acquisition rights	(1)	(216)
Business restructuring expenses	11,777	29,686
Decrease (increase) in accounts receivable - trade, and contract assets	56,822	25,122
Decrease (increase) in accounts receivable - other	(2,982)	252
Decrease (increase) in inventories	48,012	25,834
Increase (decrease) in trade payables	(40,572)	(61,634)
Other, net	24,802	(28,118)
Subtotal	140,102	21,379
Interest and dividends received	10,906	9,357
Interest paid	(8,661)	(8,746)
Income taxes refund (paid)	(10,052)	(19,288)
Payments for business restructuring	(4,210)	(12,201)
Settlement paid	(3,588)	—
Proceeds from insurance income	—	1,426
Proceeds from compensation	—	6,483
Net cash provided by (used in) operating activities	124,495	(1,590)

	Yen (millions)	
	FY2023	FY2024
Cash Flows from Investing Activities:		
Payments into time deposits	(12,004)	(77,099)
Proceeds from withdrawal of time deposits	61,231	48,322
Purchase of property, plant and equipment	(40,874)	(26,798)
Proceeds from sale of property, plant and equipment	5,149	106,879
Purchase of intangible assets	(11,699)	(12,220)
Purchase of investment securities	(1,871)	(292)
Proceeds from sale of investment securities	113	44,346
Proceeds from refund of investment partnerships	9,090	21,516
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 6 (b))	(166)	(4,806)
Other, net (Note 6(c))	1,908	3,895
Net cash provided by (used in) investing activities	10,875	103,743
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term borrowings	7,439	4,871
Proceeds from long-term borrowings	11,203	—
Repayments of long-term borrowings	(157,207)	(60,567)
Repayments of finance lease liabilities	(10,065)	(18,574)
Other, net	(1,038)	(498)
Net cash provided by (used in) financing activities	(149,668)	(74,768)
Effect of Exchange Rate Change on Cash and Cash Equivalents	26,812	(3,809)
Net Increase (Decrease) in Cash and Cash Equivalents	12,515	23,574
Cash and Cash Equivalents at Beginning of Period	206,612	219,128
Cash and Cash Equivalents at End of Period (Note 6 (a))	¥ 219,128	¥ 242,703

The accompanying notes to consolidated financial statements are an integral part of these statements.

Notes to Consolidated Financial Statements

Sharp Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting and Reporting Policies

(a) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Sharp Corporation ("the Company") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

The financial statements of the Company's overseas consolidated subsidiaries for consolidation purposes have been prepared in conformity with IFRS or generally accepted accounting principles in the United States of America ("US GAAP"), with adjustments for the specified five items where applicable according to Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements".

The accompanying consolidated financial statements have been translated into English (with no reclassifications) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate local Finance Bureau of the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Act.

In preparing the accompanying consolidated financial statements and notes, Japanese yen figures less than one million yen have been rounded down to the nearest million yen. Therefore, total or subtotal amounts shown in the accompanying consolidated financial statements and notes thereto are not necessarily equal to the sum of individually presented amounts.

Fiscal year 2023 (hereinafter, "FY2023") began on April 1, 2023 and ended on March 31, 2024.

Fiscal year 2024 (hereinafter, "FY2024") began on April 1, 2024 and ended on March 31, 2025.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 118 companies (hereinafter, "the Group") over which the Company has power of control through the holding of majority voting rights or with the existence of other certain conditions. Investments in 1 nonconsolidated subsidiary and 12 affiliates on which the Company has significant influence regarding their operating and financial policies are accounted for using equity method.

Changes in the consolidated subsidiaries for FY2024 were as follows:

(Included in scope)

APSIA SAS

And 5 others

(Excluded from scope)

Cocorolife Co., Ltd.

And 3 others

Sharp India Ltd. is the main nonconsolidated subsidiary.

Sharp Tokusen Industry Co., Ltd. is the main nonconsolidated subsidiary not accounted for using equity method.

(c) Investment securities

Other securities

Securities other than shares with no available market prices

Valued at fair market value (All valuation differences are directly charged or credited to net assets, with the cost of sales calculated primarily using the periodic average method.)

Shares with no available market prices

Valued at cost primary by the periodic average method.

Regarding the investments in partnerships, the Group recognizes its share in the profits or losses resulting from the operations of the partnerships as non-operating income or expenses, and reflect such income or expenses to the balance of investment securities.

(d) Derivative financial instruments

Derivative financial instruments are stated at fair value.

(e) Inventories

Inventories held by the Company and its domestic consolidated subsidiaries are primarily measured at moving average cost. Inventories are written down when their profitability decreases. Inventories held by overseas consolidated subsidiaries are measured at the lower of moving average cost and net realizable value.

(f) Depreciation and amortization

For the Company and its domestic consolidated subsidiaries, depreciation of property, plant and equipment other than leased assets and right-of-use assets is computed by the declining-balance method.

Meanwhile, machinery and equipment at the LCD plants in Mie and Kameyama and a part of the Sakai Plant are depreciated by the straight-line method.

Buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to

Notes to Consolidated Financial Statements

buildings and structures acquired on or after April 1, 2016 are depreciated by the straight-line method.

Property, plant and equipment at overseas consolidated subsidiaries are depreciated by the straight-line method.

Amortization of intangible assets (excluding leased assets) is computed by the straight-line method.

Software used in-house is amortized by the straight-line method over the estimated useful life of principally 5 years, and software embedded in products is amortized over the forecasted sales quantity.

Depreciation of leased assets related to finance lease transactions that transfer ownership is computed by the same method as applied to non-current assets owned by the Company.

Depreciation of leased assets related to finance lease transactions that do not transfer ownership is computed by the straight-line method with the lease period as the useful life and the residual value as zero.

Right-of-use assets are depreciated by the straight-line method over the shorter of the useful life of the asset or the term of the lease.

(g) Allowance for doubtful accounts

The Group accrues possible credit losses regarding monetary claims and other receivables.

The allowance for general receivables is primarily determined based on the historical bad debt ratio. The allowance for particular receivables, including those from debtors at risk of bankruptcy, is estimated for uncollectable amounts, which are determined by examining individual levels of recoverability on a case-by-case basis.

(h) Provision for bonuses

The Group accrues estimated amounts of employees' bonuses based on the estimated amounts to be paid in the subsequent period which relate to their performance in the current period.

(i) Provision for product warranties

In order to prepare for expenses related to product quality assurance, the Group accrues estimated future warranty amounts based on past performance for after-sales service costs within the warranty period. Additionally, the expected costs for individual cases are also accrued.

(j) Provision for sales promotion expenses

The Group accrues sales promotion expenses based on estimated amounts to be paid to agencies and dealers in the subsequent period in respect of revenue recorded by the balance sheet date.

(k) Provision for restructuring

The Group accrues the estimated amounts of restructuring to prepare for future expenses related to structural reform.

(l) Defined benefit pension plan

The estimated amount of defined benefit pension plans to be paid at future post retirement period is allocated to

each service year based on the plan's benefit formula.

Past service costs are amortized primarily by the straight-line method over the average remaining service period of employees (9 years) commencing from the current period. Actuarial gains and losses are primarily amortized by the straight-line method over the average remaining service period of employees (9 years) commencing from the period following that in which the gain or loss was incurred.

(m) Major recognition criteria for revenues and expenses

The Group recognizes revenue based on the following five-step approach.

Step 1: Identify a contract with customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the Group satisfies a performance obligation

Details of the main performance obligations related to revenue from contracts with customers in the Group's key businesses and the point of time when such performance obligations are typically satisfied (the point of time when revenues are usually recognized) are as follows.

The Group manufactures and sells telecommunications equipment, electrical equipment and electronic application equipment, and electronic components. In principle, revenue from these transactions is recognized at the point in time when the customer obtains control of products delivered by the Group as the performance obligation is deemed to have been satisfied by then. At that point in time, the legal title to the products, physical possession, and significant risks and rewards of ownership of the products are transferred to the customer, and the Group is entitled to receive payment for the transaction. For some domestic sales, revenue is recognized upon shipment if the period of time from the shipment to the completion of the transfer of control of the products to the customer is considered to be normal.

The Group is also engaged in contracted construction in addition to maintenance and warranty services that are mainly related to products. In these transactions, the Group transfers goods or services to customers over time to satisfy performance obligations. Thus, in principle, revenue is recognized according to the degree of progress towards complete satisfaction or over time for the service period.

Revenue is measured in the amount of consideration that the Group expects to be entitled in return for the transfer of products or services to the customers (hereinafter, "transaction price"). In determining a transaction price, if the consideration promised with the customer includes a variable component (hereinafter, "variable consideration"), the transaction price is estimated by subtracting any variable considerations. The amount of a variable consideration is included in the transaction price only to the extent that it is highly probable that the subsequent resolution of uncertainty concerning the amount of the variable consideration will not result in a significant reversal in the cumulative revenue recognized until then.

When multiple performance obligations, such as product and warranty services, are identifiable in a contract,

Notes to Consolidated Financial Statements

a transaction price is allocated to each performance obligation primarily based on the ratio of observable stand-alone selling prices.

If a product warranty provides a customer with a service beyond the assurance that the product complies with agreed-upon specifications, it is treated as a separate performance obligation. A portion of the transaction price is allocated to that performance obligation and revenue is recognized over the extended warranty period.

The Group determines whether it acts as a principal or an agent in a transaction based on whether the Group controls the promised product or service before transferring to the customer. When the Group is deemed to be involved as an agent, the Group recognizes revenue at the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for goods or services to be provided by that party.

Considerations for transactions related to the sale of products, etc., contracted construction, and the provision of warranty or other services are usually received within approximately one year from the time each performance obligation is satisfied. The Group applies an exemption rule to these contracts, and no adjustments for financing components have been made.

(n) Significant hedge accounting methods

(1) Deferred and other hedge accounting methods

Deferred hedge accounting is used for foreign exchange forward contracts of certain consolidated subsidiaries as well as interest rate swaps of the Company. The allocation method is used for foreign exchange forward contracts that meet the requirements for the allocation method, and special accounting is used for interest rate swaps that meet the requirements for special accounting.

(2) Hedging instruments and hedged items

a. Hedging instrument: Foreign exchange forward contracts

Hedged items: Assets and liabilities denominated in foreign currencies (mainly receivables and payables related to export and import transactions)

b. Hedging instrument: interest rate swaps

Hedged items: Borrowings with variable interest rates

(3) Hedging policy

Foreign exchange forward contracts are used to hedge the exchange rate fluctuation risks associated with assets and liabilities in accordance with the Company's internal rules or the basic rules established under the Company's guidance. Furthermore, the Company uses interest rate swaps in order to hedge the interest rate fluctuation risks associated with borrowings from financial institutions.

(4) Method for evaluating hedge effectiveness

An evaluation of hedge effectiveness is omitted because the major conditions of the hedging instruments and the hedged items are consistent and the market fluctuations or cash flow fluctuations are assumed to be completely offset at the time of commencement of the hedge and thereafter on an ongoing basis.

(o) Method and period for amortization of goodwill

Goodwill is amortized by the straight-line method over the expected life. Goodwill recorded in the consolidated subsidiaries in the U.S.A. is amortized by the straight-line method over 10 years. However, if the amount of goodwill is insignificant, the entire amount is amortized during the fiscal year in which the goodwill arises.

(p) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, demand deposits in banks, and highly liquid short-term investments with original maturities of three months or less for which the risks of fluctuations in value are not considered to be significant.

(q) Major accounting estimates

(1) Valuation of inventories

i) Amount recorded in the consolidated financial statements at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Inventories	¥ 269,584	¥ 242,081

ii) Information related to the contents of major accounting estimates for identified items

The Group reduces the book value of inventories when the net realizable value falls below the book value. In addition, some inventories deemed slow-moving for more than a certain period of time are devalued regularly over time, assuming that it becomes less possible for those inventories to be sold. Moreover, the book value of some inventories is also devalued individually when they are deemed difficult to sell.

However, it may become necessary to record further devaluation in the consolidated financial statements in the next fiscal year or onward if the Group faces disadvantageous situations such as price declines resulting from unpredictable environment changes in the future.

(2) Impairment losses on non-current assets

i) Amount recorded in the consolidated financial statements at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Property, plant and equipment	¥ 280,123	¥ 201,899
Intangible assets	31,080	36,580
Investment securities	238,581	185,710

Notes to Consolidated Financial Statements

ii) Information related to the contents of major accounting estimates for identified items

The Group conducts an impairment test of an asset or asset group, when there is an indication of impairment such as continued operating loss or negative cash flow from operating activities, and if the book value exceeds the higher of its value in use or its net realizable value, the Company recognizes impairment loss for the excess. The future business plan, which forms the basis for calculating the value in use, is established in consideration of information available at the time of financial closing. Additionally, the net realizable value is determined by reasonable approaches such as asset valuation by a third party.

However, the Group may record additional impairment losses in the consolidated financial statements in the next fiscal year or thereafter, when the assumptions in the business plan, such as the market environments, change in the future.

Additionally, investment securities of ¥185,710 million recorded in FY2024 include investments in equity-method affiliates of ¥113,954 million. If the equity-method affiliates recognize impairment losses in the next fiscal year or thereafter, the Group may recognize the share of loss of entities accounted for using equity method in the consolidated financial statements.

(r) Unapplied accounting standard

The accounting standards issued by March 31, 2025 but not yet applied as of March 31, 2025 were as follows.

The Company and its domestic subsidiaries

Name of the standards		Description of the standards	Planned adoption period
ASBJ Statement No. 34 (September 13, 2024)	Accounting Standard for Leases	A single lessee accounting model, which recognizes the depreciation expense for right-of-use assets as well as the interest expense for lease liabilities, is going to be applied to all leases. (Note 1)	From the year ending March 31, 2028
ASBJ Guidance No. 33 (September 13, 2024)	Implementation Guidance on Accounting Standard for Leases		
ASBJ Transferred Guidance No. 9 (March 11, 2025)	Practical Guidelines on Accounting for Financial Instruments	The new Practical Guidelines allow companies to measure their investments in funds or partnerships at fair value when certain conditions are met. If such an option is taken, all stocks with no available market prices (excluding shares of subsidiaries and affiliates) incorporated in the investment portfolio shall be measured at fair value. (Note 2)	From the year ending March 31, 2027

Note 1: The monetary impact arising from application of the standard is under evaluation.

Note 2: Whether to apply the Practical Guidelines is under examination. The monetary impact arising in case of application is under evaluation.

(s) Changes in presentation method

(Consolidated statements of operations)

"Rental expenses on non-current assets" (¥1,400 million for FY2024), which was separately presented in FY2023, has been included in "Other" under "Non-operating expenses" as its amount decreased to less than 10/100 of the total non-operating expenses. In order to reflect this change in presentation methods, the consolidated financial statements for FY2023 have been reclassified.

As a result, ¥9,081 million presented as "Other" under "Non-operating expenses" in the consolidated statements of operations for FY2023, has been reclassified as ¥12,297 million in "Other," including ¥3,215 million of "Rental expenses on non-current assets."

(Consolidated statements of cash flows)

(1) "Proceeds from sale of investment securities" and "Proceeds from refund of investment partnerships," which were included in "Other" under "Cash flows from investment activities" in FY2023, are presented separately, as their materiality has increased. Also, "Payments for sale of shares of subsidiaries resulting in change in scope of consolidation," which was separately presented under "Cash flows from investment activities" in FY2023, has been included in "Other," as its materiality has diminished. In order to reflect these changes in presentation methods, the consolidated financial statements for FY2023 have been reclassified.

As a result, in the Consolidated Statements for Cash Flows in FY2023, ¥(364) million in "Payments for sale of shares of subsidiaries resulting in change in scope of consolidation" and ¥11,476 million in "Other," which were presented under "Cash flows from investment activities," have been reclassified as ¥113 million in "Proceeds from sale of investment securities," ¥9,090 million in "Proceeds from refund of investment partnerships," and ¥1,908 million in "Other."

(2) "Repayments of finance lease liabilities," which was included in "Other" under "Cash flows from financing activities" in FY2023, is presented separately, as its materiality has increased. Also, "Dividends paid," which was separately presented under "Cash flows from financing activities" in FY2023, has been included in "Other," as its materiality has diminished. In order to reflect these changes in presentation methods, the consolidated financial statements for FY2023 have been reclassified.

As a result, in the Consolidated Statements for Cash Flows in FY2023, ¥(25) million in "Dividends paid" and ¥(11,077) million in "Other," which were presented under "Cash flows from financing activities," have been reclassified as ¥(10,065) million in "Repayments of finance lease liabilities" and ¥(1,038) million in "Other."

Notes to Consolidated Financial Statements

2. Notes to Consolidated Balance Sheets

(a) Investments in nonconsolidated subsidiaries and affiliates

Investments in nonconsolidated subsidiaries and affiliates at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Investment securities	¥ 104,283	¥ 114,748

(b) Inventories

Inventories at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Finished goods	¥ 153,630	¥ 153,906
Work in process	61,916	44,181
Raw materials and supplies	54,037	43,993
	¥ 269,584	¥ 242,081

(c) Collateral assets and liabilities secured by collateral

Collateral assets and liabilities secured by collateral at the end of FY2023 and FY2024 were as follows:

(1) Assets pledged as collateral

	Yen (millions)	
	FY2023	FY2024
Cash and deposits	¥ 2,903	¥ 28,387
Notes and accounts receivable - trade, and contract assets	66,913	56,629
Inventories	64,966	62,922
Other (Current assets)	6,423	3,308
Buildings and structures	76,326	48,796
Machinery, equipment and vehicles	1,961	1,470
Tools, furniture and fixtures	636	839
Land	53,601	41,566
Investment securities	52,104	12,019
Other (Investments and other assets)	707	690
	¥ 326,545	¥ 256,630

(2) Liabilities secured by collateral

	Yen (millions)	
	FY2023	FY2024
Short-term borrowings	¥ 73	¥ 86
Other (Current liabilities)	24,341	32,350
Long-term borrowings	373,899	332,631
Other (Non-current liabilities)	—	14,825
	¥ 398,315	¥ 379,893

In addition, certain shares of consolidated subsidiaries, which were subject to elimination through inter-company transactions, were pledged as collateral of long-term borrowings at the end of FY2023 and FY2024.

(d) Contingent liabilities

(1) Guarantee liabilities

	Yen (millions)	
	FY2023	FY2024
Guarantee for employee mortgages	¥ 2,409	¥ 1,814
Guarantee for borrowings of invested companies		
Serssang Power Corporation Public Company Limited	184	146
	¥ 2,593	¥ 1,961

(2) Endorsed trade notes receivable

	Yen (millions)	
	FY2023	FY2024
Endorsed trade notes receivable	¥ 91	¥ 25

(3) Matters related to long-term electricity and other supply contracts

FY2023

The Company entered into long-term contracts with several suppliers with respect to electricity and other inputs at the Sakai plant.

Sakai Display Products Corporation has decided to cease LCD panel production, but use of electricity is expected to continue as the Company plans to continue to utilize the Sakai Plant. The total amount of future minimum payments under these contracts at the end of FY2023 was ¥38,458 million (the remaining term was 6 years).

The total amount of future minimum payments under long-term contracts with respect to electricity and other input for businesses other than the above at the end of FY2023 was ¥1,237 million (the longest remaining term was 5 years).

None of these long-term contracts can be terminated before expiration.

FY2024

No contingent liabilities exist concerning long-term contracts with respect to electricity and other inputs at the Sakai Plant.

Some of the long-term contracts for the supply of electricity and other forms of input for the LCD panel business of Sakai Display Products Corporation are to be terminated due to the cessation of production, while other such contracts are to be succeeded to SoftBank Corp., the acquirer of the LCD panel plant. A provision has been provided to cover the expenses expected to be incurred as a result of such termination or succession of the contracts. Details are provided in “(m) Business restructuring expenses” under “3. Notes to Consolidated Statements of Operations.”

Notes to Consolidated Financial Statements

(e) Investment commitment

The Company entered into contract to participate in the SoftBank Vision Fund, a private fund established by SoftBank Group Corp., in May 2017. Total amount of investment commitment is USD 1 billion. The balance of remaining committed contribution at the end of FY2023 and FY2024 were as follows.

Conversion to yen is calculated based on market exchange rate as of closing dates.

	Yen (millions)	
	FY2023	FY2024
Total amount of investment commitment	¥ 151,400	¥ 149,530
Contribution made	132,226	130,581
Remaining committed contribution	¥ 19,173	¥ 18,948

(f) Receivables arising from contracts with customers, contract assets and contract liabilities

	Yen (millions)	
	FY2023	FY2024
Receivables arising from contracts with customers	¥ 401,308	¥ 375,868
Notes receivable	4,864	4,888
Accounts receivable	396,443	370,979
Contract assets	¥ 6,230	¥ 3,919
Contract liabilities	112,145	53,122

On the consolidated balance sheets, receivables arising from contracts with customers and contract assets are included in "Notes and accounts receivable - trade, and contract assets," and contract liabilities are included in "Other" under "Current liabilities."

Details regarding the decrease in contract liabilities for FY2024 are provided in "(c) (1) Balance of contract assets and contract liabilities, etc." under "16. Revenue Recognition."

(g) Financial covenants

The Company's principal loan agreements, syndicated loan agreements and commitment line agreements, are subject to financial covenants. If the Group's consolidated net assets and consolidated ordinary income fall below certain levels, or if the Company or any of its consolidated subsidiaries becomes insolvent, the benefit of time of such loans may be forfeited upon demand by the lending financial institutions.

Although some violations of the above financial covenants occurred at the end of FY2023 and FY2024, the Company has obtained the consent of the financial institutions that they will not demand forfeiture of the benefit of time.

The outstanding borrowings under the above main agreements subject to financial covenants were as follows:

	Yen (millions)	
	FY2023	FY2024
Short-term borrowings	¥ 35,000	¥ 30,000
Long-term borrowings	373,899	332,631

3. Notes to Consolidated Statements of Operations

(a) Revenue from contracts with customers

Regarding net sales, revenue from contracts with customers and other revenues are not presented separately. The amount of revenue arising from contracts with customers is presented in "(a) Information on disaggregated revenue from contracts with customers" under "16. Revenue Recognition."

(b) Inventory valuation loss

Ending balances of inventories are presented in amounts after deducting valuation losses resulting from a decline in profitability.

Net inventory valuation losses (after offsetting the reversal amount) included in the cost of sales and extraordinary losses (loss from cancellation of made-to-order production and business restructuring expenses) were as follows:

	Yen (millions)	
	FY2023	FY2024
Cost of sales	¥ 527	¥ (17,808)
Loss from cancellation of made-to-order production	2,059	—
Business restructuring expenses	—	520

(c) Selling, general and administrative expenses

Major components of selling, general and administrative expenses were as follows:

	Yen (millions)	
	FY2023	FY2024
Salaries and allowances	¥ 126,025	¥ 131,732
Retirement benefit expenses	4,720	5,479
Transportation and storage costs	44,364	46,490
Research and development expenses	19,688	24,995

(d) Research and development expenses

Research and development expenses included in general and administrative expenses and cost of manufacturing were ¥73,015 million for FY2023 and ¥76,341 million for FY2024.

Notes to Consolidated Financial Statements

(e) Gain on sale of non-current assets

Major components of gain on sale of non-current assets were as follows:

	Yen (millions)	
	FY2023	FY2024
Buildings and structures	¥ 3	¥ 62,949
Machinery, equipment and vehicles	731	887
Tools, furniture and fixtures	215	1,727
Land	2,655	12,495
Software	1	—
Other	13	36
	¥ 3,622	¥ 78,095

Gain on sale of buildings and structures, and land for FY2024 was mainly associated with the transfer of assets in relation to LCD panel plant held by the Company and Sakai Display Products Corporation, a consolidated subsidiary of the Company.

(f) Gain on sale of investment securities

FY2024

The Company sold certain investment securities in order to improve its asset efficiency and financial structure.

(g) Gain on step acquisitions

FY2023

FIT ELECTRONICS DEVICE PTE. LTD., which was previously an equity-method affiliate, has been made a wholly owned subsidiary of the Group through the acquisition of all of its shares and included in the scope of consolidation.

The company was renamed SHARP FRONTIER ELECTRONICS DEVICE PTE. LTD. effective July 27, 2023.

(h) Gain on change in equity and Gain on reversal of liabilities

FY2023

Gain on change in equity was recorded as share of equity in SDP Global (China) Co., Ltd. (hereinafter, "SDP Global"), which is an equity-method affiliate of Sakai Display Products Corporation (hereinafter, "SDP"), which in turn is a consolidated subsidiary of the Company, decreased from 40.9% to 36.1%.

This change in equity is contingent on the new shareholder of SDP Global, assuming part of SDP's liabilities, and gain on reversal of liabilities is recorded for the amount of liabilities thus assumed.

FY2024

Gain on change in equity was recorded as share of equity in SDP Global (China) Co., Ltd. (hereinafter, "SDP Global"), which is an equity-method affiliate of Sakai Display Products Corporation (hereinafter, "SDP"), which in turn is a consolidated subsidiary of the Company, decreased from 36.1% to 29.2%.

This change in equity is contingent on new shareholders of SDP Global, assuming part of SDP's liabilities, and gain on reversal of liabilities is recorded for the amount of liabilities thus assumed.

(i) Loss from cancellation of made-to-order production and compensation income

FY2023

(Loss from cancellation of made-to-order production)

This loss was incurred due to customer cancellation of a new product development project, for which the Company's consolidated subsidiary had received an order to produce custom-made parts.

Details of the loss were ¥2,059 million in inventory write-down, ¥619 million in impairment loss of machinery and equipment (Note), and ¥2,040 million in estimated future losses on ordered parts, machinery, equipment, etc.

(Note) The details of the impairment loss are as follows.

Use	Type	Location
Business assets (Display Device production facilities, etc.)	Machinery, equipment, and vehicles, construction in progress, software	Vietnam

The Group identifies cash generating units through consideration of business characteristics and business operations. Idle assets are identified as separate cash generating units.

The book value of business assets in Vietnam owned by a consolidated subsidiary in Japan was reduced to a recoverable value because the assets were no longer expected to be used in the future due to the cancellation of a new product development project by a customer, resulting in ¥619 million extraordinary losses. Details were ¥565 million for machinery, equipment, and vehicles, ¥14 million for construction in progress, and ¥40 million for software. The estimated recoverable amount was evaluated at zero as the net realizable value.

FY2024

(Compensation income)

In relation to "Loss from cancellation of made-to-order production" recorded in FY2023, a portion of compensation claimed by the Company that had been confirmed by the customer by March 31, 2025, is recorded as compensation income.

Notes to Consolidated Financial Statements

(j) Loss on sale and retirement of non-current assets

Major components of loss on sale and retirement of non-current assets were as follows:

	Yen (millions)	
	FY2023	FY2024
Loss on sale:		
Buildings and structures	¥ 373	¥ 2
Machinery, equipment and vehicles	8	760
Tools, furniture and fixtures	109	10
Other	7	0
	¥ 498	¥ 773
Loss on retirement:		
Buildings and structures	¥ 196	¥ 151
Machinery, equipment and vehicles	607	665
Tools, furniture and fixtures	51	45
Software	11	9
Other	5	7
	¥ 872	¥ 879
Total:		
Buildings and structures	¥ 569	¥ 153
Machinery, equipment and vehicles	615	1,426
Tools, furniture and fixtures	161	55
Software	11	10
Other	12	7
	¥ 1,370	¥ 1,652

(k) Impairment losses

FY2023

Use	Type	Location
Business assets (Display Device medium-and small-sized LCD panel business-related production facilities, etc.)	Buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures, land, construction in progress, software, etc.	Mie, Japan Ishikawa, Japan
Business assets (Display Device large-sized LCD panel business-related production facilities, etc.)	Buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures, construction in progress, software	Osaka, Japan
Other(Display Device business-related)	Goodwill	—
Idle assets (Display Device business-related)	Machinery, equipment and vehicles, tools, furniture and fixtures, construction in progress, software, etc.	China

With regards to accounting for impairment of assets, the Group identifies cash generating units through consideration of business characteristics and business operations. Idle assets are identified as separate cash generating units.

Assets for the Display Device unit related to medium and small-sized LCD businesses in Mie and Ishikawa prefectures are factories, equipment, etc. owned by the Company and its consolidated subsidiaries, including Sharp Display Technology Corporation. These assets were grouped by factories, and the common assets were then identified in a larger group that includes jointly used assets. The business environment for medium and small-sized LCD panels became more difficult than expected due to the slow recovery of demand for computer and tablet applications, and the investment amount became unrecoverable due to decreasing profitability. Therefore, the companies reduced the assets' book value to a recoverable value and recognized an impairment loss of ¥109,109 million under extraordinary losses. Details were ¥72,375 million for buildings and structures, ¥11,639 million for machinery, equipment, and vehicles, ¥1,485 million for tools, furniture and fixtures, ¥6,475 million for land, ¥14,896 million for construction in progress, ¥144 million for software, and ¥2,095 million for other. The estimated recoverable amount was evaluated at a net realizable value of ¥34,186 million, based on the appraisal results.

Large-sized LCD panel-related business assets of the Display Device unit in Osaka, where the cash generating unit is identified on a consolidated basis, are part of LCD panel production equipment and other assets owned by a consolidated subsidiary. As the investment amount became unrecoverable due to decreasing profitability, their book value was reduced to a recoverable value, recognizing an impairment loss of ¥4,785 million under extraordinary losses. Details were ¥19 million for buildings and structures, ¥503 million for machinery, equipment, and vehicles, ¥214 million for tools, furniture, and fixtures, ¥4,043 million for construction in progress, and ¥5 million for software. The estimated recoverable amount was a net realizable value.

Goodwill related to the Display Device unit was generated when SHARP FRONTIER ELECTRONICS DEVICE PTE. LTD. and its two subsidiaries became the Company's consolidated subsidiaries. The goodwill and the business assets of the subsidiaries are grouped on a consolidated basis. As the investment amount became unrecoverable due to decreasing profitability, the book value was reduced to a recoverable value, recognizing an impairment loss of ¥2,896 million under extraordinary losses. The estimated recoverable amount for goodwill was zero and that for business assets other than goodwill was a net realizable value.

The book value of idle assets of some consolidated subsidiaries in China was reduced to a recoverable value because they were no longer expected to be used in the future. The decrease (¥5,541 million) was recognized as an impairment loss under extraordinary losses. Details were ¥398 million for machinery, equipment, and vehicles, ¥14 million for tools, furniture, and fixtures, ¥4,993 million for construction in progress, ¥20 million for software, and ¥113 million for other. The estimated recoverable amount was evaluated at zero as the net realizable value.

Notes to Consolidated Financial Statements

FY2024

Use	Type	Location
Business assets (Display Device medium-and small-sized LCD panel business-related production facilities, etc.)	Buildings and structures, machinery, equipment and vehicles, land, construction in progress, etc.	Mie, Japan Ishikawa, Japan Vietnam, etc.
Business assets (Display Device large-sized LCD panel business-related production facilities, etc.)	Buildings and structures, machinery, equipment and vehicles, construction in progress, etc.	Osaka, Japan, etc.
Assets to be transferred (Electronic Device camera module business-related assets)	Buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures, etc.	Vietnam
Assets to be transferred (Electronic Device laser and semiconductor businesses-related assets)	Buildings and structures, machinery, equipment and vehicles, land, construction in progress	Hiroshima, Japan
Business assets (Universal Network TV system business-related production facilities, etc.)	Buildings and structures, machinery, equipment and vehicles, tools, furniture and fixtures	Malaysia
Other	Buildings and structures, land, etc.	Osaka, Japan Mie, Japan

The Group identifies cash generating units through consideration of business characteristics and business operations. Assets to be transferred and idle assets are identified as separate cash generating units.

Assets for the Display Device unit related to medium and small-sized LCD businesses in Ishikawa and Mie prefectures as well as Vietnam, etc. are factories, equipment, etc. owned by the Company and its consolidated subsidiaries, including Sharp Display Technology Corporation. These assets were grouped by factories, and common assets were then identified in a larger group that includes jointly used assets. Due to a decline in order forecasts at some factories manufacturing medium and small-sized LCDs, future cash flow was expected to fall far short of the original plan. Therefore, the companies reduced the assets' book value to a recoverable value and recognized an impairment loss of ¥23,400 million under extraordinary losses. Details were ¥7,996 million for buildings and structures, ¥4,831 million for machinery, equipment and vehicles, ¥598 million for land, ¥7,294 million for construction in progress, and ¥2,679 million for other. The estimated recoverable amount was primarily evaluated at a net realizable value, based on the appraisal results. As a result, the book value of medium and small-sized LCD panel business-related non-current assets at the end of FY2024 was written down to ¥15,160 million.

Large-sized LCD panel-related business assets for the Display Device unit in Osaka, etc., where the cash generating unit is identified on a consolidated basis, are part of LCD panel production equipment and other assets owned by Sakai Display Products Corporation, etc. As the investment amount became unrecoverable mainly due to ceased production at the Sakai Plant during FY2024, their book value was reduced to a recoverable value,

recognizing an impairment loss of ¥5,161 million under extraordinary losses. Details were ¥2,439 million for buildings and structures; ¥1,620 million for machinery, equipment and vehicles; ¥1,061 million for construction in progress; and ¥40 million for other. The estimated recoverable amount was a net realizable value.

Camera module business-related assets in Vietnam are part of production facilities and other assets owned by the Company's consolidated subsidiaries, including Sharp Sensing Technology Corporation. Customer demand for camera modules substantially declined, which resulted in a harsher-than-expected situation and decreased profitability. To establish a business structure centered on the brand business under the policy of Asset Light Initiatives, the Company entered into an agreement to transfer camera module business assets. In consideration of these circumstances, the assets' book value was reduced to a recoverable value, recognizing an impairment loss of ¥14,925 million under extraordinary losses. Details were ¥1,725 million for buildings and structures; ¥12,498 million for machinery, equipment, and vehicles; ¥453 million for tools, furniture, and fixtures; and ¥248 million for other. The estimated recoverable amount was a net realizable value.

Laser and semiconductor businesses-related assets in Hiroshima prefecture are mainly real estate owned by the Company and Sharp Fukuyama Laser Co., Ltd. (hereinafter, "SFL"), a consolidated subsidiary of the Company. To establish a business structure centered on the brand business under the policy of Asset Light Initiatives, the Company resolved at the Board of Directors meeting to transfer shares of SFL. As a result, their book value was reduced to a recoverable value, recognizing an impairment loss of ¥6,417 million under extraordinary losses. Details were ¥3,909 million for buildings and structures; ¥1,162 million for machinery, equipment, and vehicles; ¥1,069 million for land; and ¥275 million for construction in progress. The estimated recoverable amount was a net realizable value.

The investment amount of TV system business-related assets in Malaysia became unrecoverable due to decreasing profitability. Their book value was therefore reduced to a recoverable value, recognizing an impairment loss of ¥985 million under extraordinary losses. Details were ¥410 million for buildings and structures; ¥536 million for machinery, equipment, and vehicles; and ¥38 million for tools, furniture, and fixtures. The estimated recoverable amount was a net realizable value.

With respect to other assets owned by the Company in Osaka and Mie prefectures, the investment amount became unrecoverable due to diminished expectation of future use and decreasing profitability. Therefore, their book values were reduced to recoverable values, recognizing an impairment loss of ¥3,491 million under extraordinary losses. Details were ¥3,368 million for buildings and structures, ¥117 million for land, and ¥5 million for other. The estimated recoverable amount was a net realizable value.

(I) Loss on sale of businesses

FY2023

The loss resulted from the transfer of shares of Kantatsu Co., Ltd., which had been a consolidated subsidiary of the Company, and receivables from the subsidiary to Eiki Shoji Co., Ltd.

Notes to Consolidated Financial Statements

(m) Business restructuring expenses

FY2023

Details of business restructuring expenses were as follows:

- (1) Provision for long-term contracts for pure water, gas, etc. due to the cease of production at the Sakai Plant (¥8,705 million)

Provision was recorded for the estimated remaining obligations for the Company's long-term contracts for supply of pure water, gas, and others at the Sakai Plant, without expectation for further usage due to the decision by Sakai Display Products Corporation to cease production at the Sakai Plant.

- (2) Expenses for termination of the OLED business in the Display Device unit (¥1,154 million)

Expenses to terminate the OLED business of the Sharp Display Technology Corporation

- (3) Severance charges (¥1,917 million) associated with restructuring of the Universal Network unit

Severance charges associated with restructuring of the Universal Network unit (TV system business) in Asia

FY2024

Details of business restructuring expenses were as follows:

- (1) Expenses incurred following ceased production and partial sale of the Sakai Plant, owned by Sakai Display Products Corporation (hereinafter, "SDP"), a consolidated subsidiary of the Company (¥17,335 million)

(Breakdown)	Yen (millions)
Expenses associated with long-term electricity contracts	(Note 1) ¥ 7,096
Expenses associated with other long-term contracts	3,153
SDP employee redundancy cost	(Note 2) 3,010
Other	4,075
Total	¥ 17,335

Note 1: Long-term electricity contracts, which were disclosed as contingent liabilities in FY2023, are scheduled to be either terminated or succeeded to SoftBank Corp., the acquirer of the LCD panel plant. The figure includes expenses expected to be incurred as a result of such termination or succession of the contracts.

Note 2: The figure consists of special additional retirement allowance, outplacement expenses, etc.

- (2) Business restructuring expenses for the Universal Network unit (¥7,517 million)

Severance charges, etc. associated with restructuring of the Universal Network unit (TV system business) in Asia

- (3) Business restructuring expenses for other subsidiaries (¥4,833 million)

4. Notes to Consolidated Statements of Comprehensive Income

Reclassification adjustments, income taxes, and tax effects relating to other comprehensive income were as follows:

	Yen (millions)	
	FY2023	FY2024
Valuation difference on available-for-sale securities		
Amount arising during the year	¥ 23,024	¥ 557
Reclassification adjustment	(3,156)	(28,254)
Before income taxes and tax effects	19,867	(27,696)
Income taxes and tax effects	(5,955)	8,109
Valuation difference on available-for-sale securities	¥ 13,911	¥ (19,587)
Deferred gains or losses on hedges		
Amount arising during the year	¥ 546	¥ (2,078)
Reclassification adjustment	(400)	(51)
Before income taxes and tax effects	145	(2,129)
Income taxes and tax effects	(110)	183
Deferred gains or losses on hedges	¥ 35	¥ (1,946)
Foreign currency translation adjustment		
Amount arising during the year	¥ 50,973	¥ (5,073)
Reclassification adjustment	518	(12)
Foreign currency translation adjustment	¥ 51,492	¥ (5,085)
Remeasurements of defined benefit plans, net of tax		
Amount arising during the year	¥ 11,004	¥ (2,778)
Reclassification adjustment	3,706	5,101
Before income taxes and tax effects	14,710	2,323
Income taxes and tax effects	53	(41)
Remeasurements of defined benefit plans, net of tax	¥ 14,763	¥ 2,281
Share of other comprehensive income of entities accounted for using equity method		
Amount arising during the year	¥ 5,998	¥ (1,199)
Reclassification adjustment	(533)	(178)
Share of other comprehensive income of entities accounted for using equity method	¥ 5,464	¥ (1,378)
Total other comprehensive income	¥ 85,667	¥ (25,715)

Notes to Consolidated Financial Statements

5. Notes to Consolidated Statements of Changes in Equity

(a) Class and total number of issued shares and treasury shares

Class and total number of issued shares and treasury shares were as follows:

FY2023

	(Thousands of shares)			
	Number of shares as of March 31, 2023	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2024
Issued shares				
Common shares	650,406	—	—	650,406
Total	650,406	—	—	650,406
Treasury shares				
Common shares	1,133	2	30	1,105
Total	1,133	2	30	1,105

Note 1: The increase of 2 thousand shares of treasury shares was due to the purchase of shares less than one trading unit.

Note 2: The decrease of 30 thousand treasury shares was due to the disposition of treasury shares as restricted stock compensation.

FY2024

	(Thousands of shares)			
	Number of shares as of March 31, 2024	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2025
Issued shares				
Common shares	650,406	—	—	650,406
Total	650,406	—	—	650,406
Treasury shares				
Common shares	1,105	1	0	1,106
Total	1,105	1	0	1,106

Note 1: The increase of 1 thousand shares of treasury shares was due to the purchase of shares less than one trading unit. The decrease of 0 thousand treasury shares was due to the sale of shares less than one trading unit.

(b) Share acquisition rights and treasury share acquisition rights

Share acquisition rights and treasury share acquisition rights were as follows:

FY2023

Classification	Description of share acquisition rights	Class of shares underlying the share acquisition rights	Number of shares underlying the share acquisition rights (Share)				Balance as of March 31, 2024 (Millions of yen)
			Number of shares as of March 31, 2023	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2024	
The Company	Share acquisition rights as a stock option		—	—	—	—	756
	Total		—	—	—	—	756

FY2024

Classification	Description of share acquisition rights	Class of shares underlying the share acquisition rights	Number of shares underlying the share acquisition rights (Share)				Balance as of March 31, 2025 (Millions of yen)
			Number of shares as of March 31, 2024	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2025	
The Company	Share acquisition rights as a stock option		—	—	—	—	1,279
	Total		—	—	—	—	1,279

(c) Dividends

FY2023

(1) Dividends paid: Not applicable

(2) Dividends for which the record date belonged to FY2023, but the effective date falling in FY2024: Not applicable

FY2024

(1) Dividends paid: Not applicable

(2) Dividends for which the record date belonged to FY2024, but the effective date falling in FY2025: Not applicable

Notes to Consolidated Financial Statements

6. Notes to Consolidated Statements of Cash Flows

(a) Reconciliation of the balance of cash and cash equivalents at the end of period and accounting items on the consolidated balance sheets

	Yen (millions)	
	FY2023	FY2024
Cash and deposits	¥ 227,130	¥ 279,307
Time deposits with maturity over 3 months and others	(8,001)	(36,604)
Cash and cash equivalents	¥ 219,128	¥ 242,703

(b) Major components of assets and liabilities of newly consolidated subsidiaries acquired by share acquisitions

FY2023

In the consolidation of FIT ELECTRONICS DEVICE PTE. LTD., previously an equity-method affiliate, and its two subsidiaries by additional share acquisitions, assets and liabilities at initial consolidation and the relationship between the share acquisition cost and (net) payments for acquisition were as follows.

The company was renamed SHARP FRONTIER ELECTRONICS DEVICE PTE. LTD. effective July 27, 2023.

	Yen (millions)
Current assets	¥ 2,943
Non-current assets	1,247
Goodwill	3,872
Current liabilities	(3,119)
Non-current liabilities	(844)
Foreign currency translation adjustment	(403)
Acquisition cost of shares	3,695
Accounts payable – other	(1,586)
Cash and cash equivalents	(476)
Market value of shares held immediately before the business combination as of the date of the business combination	(1,810)
Foreign exchange difference	266
Purchase of shares of subsidiaries resulting in change in scope of consolidation	¥ 88

The amounts of assets and liabilities of other companies newly consolidated as a result of share acquisitions are omitted as they were immaterial.

FY2024

In the consolidation of APSIA SAS and its three subsidiaries by share acquisitions, assets and liabilities at initial consolidation and the relationship between the share acquisition cost and (net) payments for acquisition were as follows:

	Yen (millions)
Current assets	¥ 1,376
Non-current assets	2,008
Goodwill	3,249
Current liabilities	(1,022)
Non-current liabilities	(853)
Acquisition cost of shares	4,759
Contingent consideration included in acquisition cost	(450)
Cash and cash equivalents	(536)
Foreign exchange difference	(25)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	¥ 3,746

Purchase of shares of subsidiaries resulting in change in scope of consolidation includes other components, such as payments of accounts payable – other for the acquisition of shares of SHARP FRONTIER ELECTRONICS DEVICE PTE. LTD.

Notes to Consolidated Financial Statements

(c) Major components of assets and liabilities of subsidiaries excluded from the scope of consolidation due to sale of shares

FY2023

The Company transferred its shares of Kantatsu Co., Ltd., a consolidated subsidiary of the Company, and receivables from Kantatsu Co., Ltd. to Eiki Shoji Co., Ltd. As a result, Kantatsu Co., Ltd. and its subsidiary Pinghu Kantatsu Fine Technology Co., Ltd. were excluded from the scope of consolidation. Assets and liabilities related to the sale and the relationship between the sale price of the business and the payments for sale were as follows:

	Yen (millions)
Current assets	¥ 1,450
Non-current assets	687
Current liabilities	(1,048)
Non-current liabilities	(175)
Foreign currency translation adjustment	1,401
Other	12
Loss on sale of businesses	(2,327)
Business sale price	0
Cash and cash equivalents	124
Loan advances to the target company that took place between the date of deconsolidation and the date of business divestiture	240
Payments for sale of shares of subsidiaries resulting in change in the scope of consolidation	¥ 364

FY2024

Not applicable

7. Leases

Finance leases

(a) As lessee

(1) Finance lease transactions that transfer ownership

The information is omitted as it was immaterial.

(2) Finance lease transactions that do not transfer ownership, and right-of-use assets at subsidiaries applying IFRS 16

i) Description of leased assets

Property, plant, and equipment

Mainly offices (buildings)

ii) Depreciation of leased assets

In accordance with “(f) Depreciation and amortization” under “1. Summary of Significant Accounting and Reporting Policies”

(b) As lessor

The information is omitted as it was immaterial.

Operating leases

(a) As lessee

The balances of remaining lease payments for non-cancelable contracts at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Due within one year	¥ 6	¥ 6
Due after one year	67	61
Total	¥ 73	¥ 67

(b) As lessor

Future lease receipts for non-cancelable contracts at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Due within one year	¥ 2,282	¥ 1,663
Due after one year	2,692	2,565
Total	¥ 4,975	¥ 4,229

Notes to Consolidated Financial Statements

8. Financial Instruments

(a) Qualitative information on financial instruments

(1) Policies for financial instruments

The group obtains necessary funds mainly through bank loans, according to its capital investment plan for its main business of manufacturing and distributing telecommunications equipment, electrical equipment and electronic application equipment, and electronic components. Short-term operating funds are obtained through bank loans. Transactions involving such financial instruments are conducted with creditworthy financial institutions.

The Company utilizes derivative transactions for minimizing risks and does not intend to use them for speculative or dealing purposes.

(2) Description and risks of financial instruments

Notes and accounts receivable are exposed to customer credit risks. Some notes and accounts receivable are denominated in foreign currencies because the Company conducts business globally and, therefore, are exposed to foreign currency risks. Notes and accounts payable - trade and electronically recorded obligations - operating are due within one year. Some notes and accounts payable arising from the import of raw materials, etc. are denominated in foreign currencies and, therefore, are exposed to foreign currency risks. The Company makes use of forward exchange contracts to hedge the foreign currency risk exposure on the net position of foreign currency denominated notes and accounts receivable and notes and accounts payable.

Other securities are held for long term to develop better business alliances and relationships with the Company's customers and suppliers, and are exposed to market price fluctuation risks. The main purpose of long-term borrowings is to procure funds necessary for capital investments. The longest repayment term is 3 years and 8 months from March 31, 2025.

Derivative transactions consist primarily of forward exchange contracts, which are used to hedge foreign currency risk exposure, and interest rate swaps to hedge against the risk of fluctuations in interest rates on borrowings. For hedging instruments, hedged items, hedging policies and assessment methods of effectiveness of hedging instruments, see "(n) Significant hedge accounting methods" in "1. Summary of Significant Accounting and Reporting Policies."

(3) Risk management of financial instruments

i) Management of credit risks

For notes and accounts receivable, the Finance Division and Accounting Division of Finance and Administration Office of the Company periodically reviews the status of its key customers, monitoring their respective payment deadlines and remaining outstanding. The Company strives to recognize and reduce the risks of irrecoverability as a result of deteriorating financial conditions or other factors at an early stage. The Company's consolidated subsidiaries also follow the same monitoring and administration process.

ii) Management of market risks

The Company decides basic policies for derivative transactions at the Foreign Exchange Administration Committee meeting and the Finance Administration Committee meeting which are required to be held monthly by the Company's internal policy. The Finance Division of Finance and Administration Office executes transactions and reports the results of such transactions to the Accounting Division of Finance and Administration Office on a daily basis. The Accounting Division has set up a specialized section for monitoring transaction results and position management and reports the results of transactions to the head of Finance and Administration Office on a daily basis.

In addition, the Finance Division reports the results of transactions to the Foreign Exchange Administration Committee and the Finance Administration Committee on a monthly basis.

The consolidated subsidiaries also manage forward foreign exchange transactions in accordance with the rules established by the Company and report the content of such transactions to the Company on a monthly basis.

For other securities and investments in capital, the Company monitors their fair values and the issuers' financial positions, and continually reviews the need to increase or decrease the holdings of such financial instruments based on the factors mentioned above as well as the relationship with the issuers.

iii) Management of liquidity risks in financing activities

The Finance Division manages liquidity risks by preparing and updating cash management plans based on reports from each department and by maintaining liquidity on hand.

(4) Supplementary explanation of fair value, etc. of financial instruments

Since variable factors are incorporated into the estimation of the fair value of financial instruments, the value may fluctuate when different assumptions are adopted. The contract amounts regarding the derivative transactions are shown in "10. Derivative Transactions," however, the amount themselves do not indicate the magnitude of the market risks associated with derivative transactions.

Notes to Consolidated Financial Statements

(b) Fair value of financial instruments

The consolidated balance sheet amounts, fair values and their differences at the end of FY2023 and FY2024 are included in the tables below.

	Yen (millions)		
	FY2023		
	Consolidated balance sheet amount	Fair value	Difference
(1) Notes and accounts receivable — trade*1	¥ 401,308	¥ 397,103	¥ (4,204)
(2) Securities and investment securities*2			
1) Shares of subsidiaries and affiliates	0	2,602	2,602
2) Other securities	54,131	54,131	—
Total assets	¥ 455,439	¥ 453,837	¥ (1,601)
(1) Long-term borrowings	457,623	457,469	(153)
Total liabilities	¥ 457,623	¥ 457,469	¥ (153)
Derivative transactions*3			
1) Derivative transactions — hedge accounting not applied	¥ 3,945	¥ 3,945	¥ —
2) Derivative transactions — hedge accounting applied	634	634	—
Total derivative transactions	¥ 4,579	¥ 4,579	¥ —

*1 Cash and deposits, notes and accounts payable – trade, electronically recorded obligations – operating, and short-term borrowings, lease liabilities (current liabilities) are omitted because their fair values approximate their book values as they are cash-based and settled in a short period of time.

*2 Stocks and others that do not have available market prices are not included in “(2) Securities and investment securities.” The amounts recognized on the consolidated balance sheets for these financial instruments were as follows:

	Yen (millions)
Classification	FY2023
Unlisted stocks	¥ 49,630
Investment in capital	134,819

*3 Net receivables and payables arising from derivative transactions. Net payables are indicated by “().”

	Yen (millions)		
	FY2024		
	Consolidated balance sheet amount	Fair value	Difference
(1) Notes and accounts receivable — trade*1	¥ 375,868	¥ 370,776	¥ (5,091)
(2) Securities and investment securities*2			
1) Shares of subsidiaries and affiliates	0	2,014	2,014
2) Other securities	14,432	14,432	—
Total assets	¥ 390,300	¥ 387,223	¥ (3,077)
(1) Long-term borrowings	406,400	405,872	(527)
Total liabilities	¥ 406,400	¥ 405,872	¥ (527)
Derivative transactions*3			
1) Derivative transactions — hedge accounting not applied	¥ (483)	¥ (483)	¥ —
2) Derivative transactions — hedge accounting applied	(1,591)	(1,591)	—
Total derivative transactions	¥ (2,074)	¥ (2,074)	¥ —

*1 Cash and deposits, notes and accounts payable – trade, electronically recorded obligations – operating, and short-term borrowings, lease liabilities (current liabilities) are omitted because their fair values approximate their book values as they are cash-based and settled in a short period of time.

*2 Stocks and others that do not have available market prices are not included in “(2) Securities and investment securities.” The amounts recognized on the consolidated balance sheets for these financial instruments were as follows:

	Yen (millions)
Classification	FY2024
Unlisted stocks	¥ 50,445
Investment in capital	120,832

*3 Net receivables and payables arising from derivative transactions. Net payables are indicated by “().”

Note 1: Aggregate maturity of cash and deposits, and receivables at the end of FY2023 and FY2024 were as follows:

	Yen (millions)		
	FY2023		
	Cash and deposits	Notes and accounts receivable - trade	Total
Due within one year	¥ 227,130	¥ 390,110	¥ 617,240
Due after one year, within five years	—	9,017	9,017
Due after five years, within ten years	—	287	287
Due after ten years	—	1,892	1,892

Notes to Consolidated Financial Statements

	Yen (millions)		
	FY2024		
	Cash and deposits	Notes and accounts receivable - trade	Total
Due within one year	¥ 279,307	¥ 359,880	¥ 639,188
Due after one year, within five years	—	14,118	14,118
Due after five years, within ten years	—	1,869	1,869
Due after ten years	—	—	—

Note 2: Repayment schedule for loans after closing date

	Yen (millions)		
	FY2023		
	Short-term borrowings	Long-term borrowings	Total
Due within one year	¥ 115,969	¥ —	¥ 115,969
Due after one year, within two years	—	10,002	10,002
Due after two years, within three years	—	447,605	447,605
Due after three years, within four years	—	1	1
Due after four years, within five years	—	1	1
Due after five years	—	12	12

	Yen (millions)		
	FY2024		
	Short-term borrowings	Long-term borrowings	Total
Due within one year	¥ 111,257	¥ —	¥ 111,257
Due after one year, within two years	—	406,261	406,261
Due after two years, within three years	—	67	67
Due after three years, within four years	—	71	71
Due after four years, within five years	—	—	—
Due after five years	—	—	—

(c) Matters regarding financial statements' categorization by levels of fair value hierarchy

The fair value of financial instruments is categorized into the following three levels depending on the observability and significance of inputs used in the fair value measurement.

Level 1 fair value: Of the observable inputs in the fair value measurement, the fair value is measured based on the quoted price in an active market for the subject asset or liability.

Level 2 fair value: Of the observable inputs in the fair value measurement, the fair value is measured using inputs other than those used for Level 1.

Level 3 fair value: The fair value is measured using inputs that cannot be observed.

When there are multiple inputs that are significant to the measurement of the fair value, and those inputs are at different levels of the fair value hierarchy, the fair value measurement is categorized in the same level of fair value hierarchy as the lowest level input.

(1) Financial instruments reported on the consolidated balance sheets at fair value

Classification	Yen (millions)			
	FY2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities	¥ 54,131	¥ —	¥ —	¥ 54,131
Derivative transactions *				
Currency-related	—	4,579	—	4,579
Total assets	¥ 54,131	¥ 4,579	¥ —	¥ 58,710

* Net receivables and payables arising from derivative transactions. Net payables are indicated by "()."

Classification	Yen (millions)			
	FY2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities	¥ 14,432	¥ —	¥ —	¥ 14,432
Derivative transactions *				
Currency-related	—	(2,074)	—	(2,074)
Total assets	¥ 14,432	¥ (2,074)	¥ —	¥ 12,358

* Net receivables and payables arising from derivative transactions. Net payables are indicated by "()."

Notes to Consolidated Financial Statements

(2) Financial instruments other than those reported on the consolidated balance sheets at fair value

Classification	Yen (millions)			
	FY2023			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade	¥ —	¥ 397,103	¥ —	¥ 397,103
Securities and investment securities				
Shares of subsidiaries and affiliates	2,602	—	—	2,602
Total assets	¥ 2,602	¥ 397,103	¥ —	¥ 399,706
Long-term borrowings	—	457,469	—	457,469
Total liabilities	¥ —	¥ 457,469	¥ —	¥ 457,469

Classification	Yen (millions)			
	FY2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade	¥ —	¥ 370,776	¥ —	¥ 370,776
Securities and investment securities				
Shares of subsidiaries and affiliates	2,014	—	—	2,014
Total assets	¥ 2,014	¥ 370,776	¥ —	¥ 372,790
Long-term borrowings	—	405,872	—	405,872
Total liabilities	¥ —	¥ 405,872	¥ —	¥ 405,872

Note: Explanation of valuation techniques and inputs used in fair value measurements

Securities and investment securities

Listed stocks are valued using the quoted price. Because they are traded in active markets, their fair value is classified as Level 1 fair value.

Derivative transactions

The fair value of forward exchange contracts is calculated based on observable inputs such as exchange rates and is classified as Level 2 fair value. In the allocation methods for forward exchange contracts used at some subsidiaries, they are treated as an integral part of receivables and payables that are hedged, and their fair value is therefore included in the fair value of relevant receivables and payables.

In special accounting for interest rate swaps, they are treated as an integral part of long-term borrowings that are hedged, and therefore, their fair value is included in the fair value of the relevant long-term borrowings.

Notes and accounts receivable — trade

For those settled in a short period of time among notes and accounts receivable — trade, their fair value approximates their book value, and, therefore, the fair value is determined based on the book value.

The fair value of accounts receivable — trade that take a long time to collect is determined based on the present value, which is calculated by dividing receivables into certain periods and discounting the amount by different interest rates considering period to maturity and credit risks of each receivable, and is classified as Level 2 fair value.

Long-term borrowings

For long-term borrowings, the fair value is based on the present value calculated by discounting the total amount of principal and interest at an interest rate that would be charged for similar new loans, and is classified as Level 2 fair value.

9. Investment Securities

Information on other securities at the end of FY2023 was as follows:

	Yen (millions)			
	FY2023			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 16,905	¥ 37,226	¥ (0)	¥ 54,131
	¥ 16,905	¥ 37,226	¥ (0)	¥ 54,131

Equity securities and others that do not have market prices (¥80,166 million on consolidated balance sheet) are not included in the above table.

The proceeds from sales of other securities were ¥113 million for FY2023. The gross realized gains on those sales were ¥113 million for FY2023.

Impairment losses recorded for unlisted stocks of other securities were ¥2,885 million for FY2023.

Impairment losses are recorded for the amount deemed necessary in the event that the real value of unlisted stocks of other securities has declined by 50% or more compared to the acquisition cost at the end of the fiscal year and is not expected to recover.

Information on other securities at the end of FY2024 was as follows:

	Yen (millions)			
	FY2024			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 4,097	¥ 10,336	¥ (1)	¥ 14,432
	¥ 4,097	¥ 10,336	¥ (1)	¥ 14,432

Equity securities and others that do not have market prices (¥56,529 million on consolidated balance sheet) are not included in the above table.

The proceeds from sales of other securities were ¥41,267 million for FY2024. The gross realized gains on those sales were ¥28,254 million for FY2024.

Impairment losses recorded for unlisted stocks of other securities were ¥1,411 million for FY2024.

Impairment losses are recorded for the amount deemed necessary in the event that the real value of unlisted stocks of other securities has declined by 50% or more compared to the acquisition cost at the end of the fiscal year and is not expected to recover.

Notes to Consolidated Financial Statements

10. Derivative Transactions

(a) Derivative transactions — hedge accounting not applied

Currency-related transactions

Classification	Type of derivatives	Yen (millions)			
		FY2023			
		Contract amount	Amount of contract due after one year	Fair value	Profit (loss) from valuation
Off-market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	¥ 172,475	¥ —	¥ (1,849)	¥ (1,849)
	Euro	12,487	—	(9)	(9)
	New Zealand dollar	2,748	—	30	30
	Danish krone	264	—	(0)	(0)
	Norwegian krone	197	—	0	0
	Canadian dollar	155	—	(0)	(0)
	Swedish krona	115	—	0	0
	Australian dollar	93	—	(0)	(0)
	Buy				
	U.S. dollar	247,808	—	5,784	5,784
	Euro	8,539	—	(44)	(44)
	Pound sterling	6,440	—	20	20
	Canadian dollar	1,111	—	12	12
Total		¥ 452,439	¥ —	¥ 3,945	¥ 3,945

Classification	Type of derivatives	Yen (millions)			
		FY2024			
		Contract amount	Amount of contract due after one year	Fair value	Profit (loss) from valuation
Off-market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	¥ 91,026	¥ —	¥ (5)	¥ (5)
	Euro	20,013	—	161	161
	New Zealand dollar	2,578	—	16	16
	Thai Baht	1,099	—	(2)	(2)
	Danish krone	259	—	(0)	(0)
	Canadian dollar	258	—	0	0
	Norwegian krone	146	—	(3)	(3)
	Australian dollar	75	—	0	0
	Swedish krona	73	—	(1)	(1)
	Buy				
	U.S. dollar	192,784	—	(637)	(637)
	Euro	3,215	—	10	10
	Canadian dollar	1,071	—	(22)	(22)
Total		¥ 312,603	¥ —	¥ (483)	¥ (483)

Notes to Consolidated Financial Statements

(b) Derivative transactions — hedge accounting applied

(1) Currency-related transactions

Hedge accounting method	Type of derivatives	Main hedged item	Yen (millions)		
			FY2023		
			Contract amount	Amount of contract due after one year	Fair value
Principle-based accounting	Forward exchange contracts				
	Sell	Accounts receivable — trade			
	U.S. dollar		¥ 10,840	¥ —	¥ (236)
	Pound sterling		1,081	—	(4)
	Swiss franc		164	—	2
	Swedish krona		133	—	2
	Polish zloty		103	—	0
	Czech koruna		66	—	0
	Danish krone		63	—	0
	Norwegian krone		47	—	0
	Hungarian forint		14	—	(0)
	Buy	Accounts payable — trade			
	U.S. dollar		33,147	—	868
	Japanese yen		1	—	0
Allocation accounting	Forward exchange contracts				
	Sell	Accounts receivable — trade			
	U.S. dollar		6,734	—	
	Euro		4,052	—	
	South African rand		40	—	(Note)
	Buy	Accounts payable — trade			
	U.S. dollar		14,925	—	
	Japanese yen		127	—	
	Euro		25	—	
Total			¥ 71,570	¥ —	¥ 634

Hedge accounting method	Type of derivatives	Main hedged item	Yen (millions)		
			FY2024		
			Contract amount	Amount of contract due after one year	Fair value
Principle-based accounting	Forward exchange contracts				
	Sell	Accounts receivable — trade			
	U.S. dollar		¥ 4,725	¥ —	¥ 31
	Pound sterling		1,170	—	(13)
	Swedish krona		201	—	(4)
	Swiss franc		193	—	(2)
	Polish zloty		133	—	(0)
	Czech koruna		66	—	(0)
	Danish krone		62	—	0
	Norwegian krone		44	—	(0)
	Hungarian forint		28	—	0
	Buy	Accounts payable — trade			
	U.S. dollar		72,554	—	(1,600)
	Japanese yen		1	—	(0)
Allocation accounting	Forward exchange contracts				
	Sell	Accounts receivable — trade			
	U.S. dollar		7,802	—	
	Pound sterling		2,510	—	
	South African rand		25	—	(Note)
	Buy	Accounts payable — trade			
	U.S. dollar		34,600	—	
	Japanese yen		310	—	
	Euro		13	—	
Total			¥ 124,446	¥ —	¥ (1,591)

Note: In the allocation accounting for forward exchange contracts, they are treated as an integral part of receivables and payables that are hedged, and their fair value is therefore included in the fair value of relevant receivables and payables.

Notes to Consolidated Financial Statements

(2) Interest rate-related transactions

Hedge accounting method	Type of derivatives	Main hedged item	Yen (millions)		
			Contract amount	Amount of contract due after one year	Fair value
Special accounting for interest rate swaps	Interest rate swaps	Long-term borrowings			
	Pay fixed/receive floating		¥ 20,000	¥ 20,000	(Note)

Hedge accounting method	Type of derivatives	Main hedged item	Yen (millions)		
			Contract amount	Amount of contract due after one year	Fair value
Special accounting for interest rate swaps	Interest rate swaps	Long-term borrowings			
	Pay fixed/receive floating		¥ 20,000	¥ 10,000	(Note)

Note: In the special accounting for interest rate swaps, they are treated as an integral part of the long-term borrowings that are hedged, and their fair value is therefore included in the fair value of the relevant long-term borrowings.

11. Bonds Payable, Borrowings and Lease Liabilities

(a) Bonds payable

Not applicable for FY2023 and FY2024

(b) Borrowings and lease liabilities

Borrowings and lease liabilities at the end of FY2023 and FY2024 consisted of the following:

	Yen (millions)	
	FY2023	FY2024
Short-term borrowings with the following interest rates		
2.2% as of March 31, 2024 and 2.2% as of March 31, 2025	¥ 96,684	¥ 101,257
Current portion of long-term borrowings with the following interest rates		
1.8% as of March 31, 2024 and 0.4% as of March 31, 2025	19,284	10,000
Current portion of lease liabilities with the following interest rates		
1.6% as of March 31, 2024 and 4.1% as of March 31, 2025	16,264	3,691
Long-term borrowings (except portion due within one year) with the following interest rates		
0.3% as of March 31, 2024 and 0.7% as of March 31, 2025	457,623	406,400
Lease liabilities (except portion due within one year) with the following interest rates		
2.8% as of March 31, 2024 and 4.2% as of March 31, 2025	7,853	10,863
Other interest-bearing liabilities		
Long-term accounts payable – other (excluding current portion)		
3.6% as of March 31, 2025	—	14,825
	¥ 597,710	¥ 547,037

Notes: 1. Interest rates shown are weighted average interest rates for the balance outstanding as of March 31, 2024 and 2025 respectively.

2. The aggregate annual maturities of long-term borrowings due within 5 years (except portion due within one year) as of March 31, 2025 were as follows:

	Yen (millions)
Due after one year, within two years	¥ 406,261
Due after two years, within three years	67
Due after three years, within four years	71
Due after four years, within five years	—

The aggregate annual maturities of lease liabilities due within 5 years (except portion due within one year) as of March 31, 2025 were as follows:

	Yen (millions)
Due after one year, within two years	¥ 2,783
Due after two years, within three years	1,988
Due after three years, within four years	1,410
Due after four years, within five years	829

The aggregate annual maturities of long-term accounts payable– other and other interest-bearing liabilities due within 5 years (except portion due within one year) as of March 31, 2025 were as follows:

	Yen (millions)
Due after one year, within two years	¥ 14,825
Due after two years, within three years	—
Due after three years, within four years	—
Due after four years, within five years	—

3. Current portion of lease liabilities and lease liabilities (excluding current portion) do not include those recorded on the consolidated balance sheets by the application of IFRS 16 “Leases” and US GAAP ASC 842 “Leases.” The balance of those lease liabilities as of March 31, 2025 was as follows:

Current portion of lease liabilities	¥7,592 million
Lease liabilities (excluding current portion)	¥13,024 million

Notes to Consolidated Financial Statements

12. Pension Plans

(a) Overview of the applied pension plans

The Company and its domestic consolidated subsidiaries have primarily a trustee non-contributory defined benefit pension plan for their employees to supplement a governmental welfare pension plan. Certain overseas consolidated subsidiaries primarily have defined contribution pension plans and lump-sum retirement benefit plans.

(b) Defined benefit pension plans

(1) Reconciliations of the defined benefit obligations

Reconciliations of the defined benefit obligations of the Group at the end of FY2023 and FY2024 consisted of the following:

	Yen (millions)	
	FY2023	FY2024
Balance at beginning of year	¥ 313,185	¥ 299,709
Service cost	8,870	8,431
Interest cost	3,629	3,444
Actuarial loss (gain)	(1,865)	(910)
Benefits paid	(26,926)	(28,429)
Increase from newly consolidated subsidiaries	184	—
Other	(4,447)	(4,294)
Foreign currency exchange differences	7,078	266
Balance at end of year	¥ 299,709	¥ 278,216

Note: "Other" for FY2024 included a ¥(2,347) million decrease attributable to the mass layoff at a consolidated subsidiary in Japan.

(2) Reconciliations of the fair value of plan assets

Reconciliations of the fair value of plan assets of the Group at the end of FY2023 and FY2024 consisted of the following:

	Yen (millions)	
	FY2023	FY2024
Balance at beginning of year	¥ 247,381	¥ 252,161
Expected return on plan assets	7,169	7,167
Actuarial gain (loss)	8,622	(4,032)
Employer contribution	12,641	12,647
Benefits paid	(25,736)	(27,139)
Increase from newly consolidated subsidiaries	206	—
Other	(4,301)	(3,775)
Foreign currency exchange differences	6,179	312
Balance at end of year	¥ 252,161	¥ 237,341

Note: "Other" for FY2024 included a ¥(1,881) million decrease attributable to the mass layoff at a consolidated subsidiary in Japan.

(3) Reconciliations of the defined benefit obligations and the fair value of the plan assets and the amount recognized in the consolidated balance sheets

Reconciliations of the defined benefit obligations and the fair value of the plan assets and the amount recognized in the consolidated balance sheets at the end of FY2023 and FY2024 consisted of the following:

	Yen (millions)	
	FY2023	FY2024
Funded defined benefit obligations at end of year	¥ 289,675	¥ 268,848
Fair value of plan assets at end of year	(252,161)	(237,341)
Funded status at end of year	37,513	31,507
Unfunded defined benefit obligations at end of year	10,034	9,367
Total net retirement benefit liability	¥ 47,547	¥ 40,875
Retirement benefit liability	52,911	45,604
Retirement benefit asset	(5,363)	(4,729)
Total net retirement benefit liability	¥ 47,547	¥ 40,875

Notes to Consolidated Financial Statements

(4) Retirement benefit expenses

Retirement benefit expenses of the Group consisted of the following:

	Yen (millions)	
	FY2023	FY2024
Service cost	¥ 8,870	¥ 8,431
Interest cost	3,629	3,444
Expected return on plan assets	(7,169)	(7,167)
Amortization of net actuarial loss	4,022	4,973
Amortization of past service cost	102	93
Other	1,297	1,028
Total retirement benefit expenses	¥ 10,753	¥ 10,803

Note: Aside from the retirement benefit expenses for defined benefit plans described above, an employee redundancy cost of ¥3,010 million for Sakai Display Products Corporation, a consolidated subsidiary of the Company, is recorded as "business restructuring expenses" under extraordinary losses. Details are described in "(m) Business restructuring expenses" under "3. Notes to Consolidated Statements of Operations."

(5) Amounts recognized in remeasurements of defined benefit plans

Amounts recognized in remeasurements of defined benefit plans (other comprehensive income) before income taxes and the effect of income taxes consist of the following:

	Yen (millions)	
	FY2023	FY2024
Past service cost	¥ 98	¥ 99
Net actuarial gain (loss)	14,611	2,223
Total	¥ 14,710	¥ 2,323

(6) Amounts recognized in remeasurements of defined benefit plans

Amounts recognized in remeasurements of defined benefit plans (accumulated other comprehensive income) at the end of FY2023 and FY2024 before income taxes and the effect of income taxes consist of the following:

	Yen (millions)	
	FY2023	FY2024
Unrecognized past service cost	¥ 568	¥ 468
Unrecognized net actuarial loss	5,165	2,942
Total	¥ 5,734	¥ 3,410

(7) Classification of the fair value of plan assets

Composition ratio of major classifications of plan assets at the end of FY2023 and FY2024 was as follows:

	FY2023	FY2024
Bonds	20%	22%
Equity securities	23%	22%
Cash and deposits	5%	4%
Life insurance company general accounts	14%	16%
Alternatives	31%	30%
Other	7%	6%
Total	100%	100%

Note: Alternatives mainly consisted of investments in hedge funds.

(8) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(9) Actuarial assumptions

Major actuarial assumptions

	FY2023	FY2024
Discount rate	mainly 0.5%	mainly 0.5%
Expected long-term rate of return	mainly 2.4%	mainly 2.4%

(c) Defined contribution pension plans

The required contribution of certain consolidated subsidiaries for the defined contribution pension plans was ¥1,667 million for FY2023 and ¥1,557 million for FY2024.

Notes to Consolidated Financial Statements

13. Stock Options

(a) Expensed amount and account

The expensed amount and account were as follows:

	Yen (millions)	
	FY2023	FY2024
Selling, general and administrative expenses	¥ 464	¥ 740

(b) Amount recorded as profit due to expiration of unexercised rights

The amount recorded as profit due to expiration of unexercised rights were as follows:

	Yen (millions)	
	FY2023	FY2024
Gain on reversal of share acquisition rights	¥ 1	¥ 216

(c) Description, size and changes of stock options

(1) Description of stock option

	First stock options (resolved on April 19, 2017)	Second stock options (resolved on September 26, 2017)
Grantee categories and numbers of grantees	5 directors of the Company 43 employees of the Company	7 directors of the Company 22 employees of the Company
Number of stock options by class of shares (Note 1)	81,100 common shares	45,300 common shares
Grant date	April 21, 2017	September 28, 2017
Vesting conditions	See Note 2	See Note 2
Service period (Note 4)	From April 21, 2017 to April 20, 2020	From September 28, 2017 to September 27, 2019
Exercise period	From April 21, 2019 to April 19, 2024	From September 28, 2019 to September 27, 2024

	Third stock options (resolved on August 28, 2018)	Fourth stock options (resolved on August 4, 2023)
Grantee categories and numbers of grantees	5 directors of the Company 15 employees of the Company	2 directors of the Company 831 employees of the Company 7 directors of the Company's subsidiaries 50 employees of the Company's subsidiaries
Number of stock options by class of shares (Note 1)	104,500 common shares	5,500,000 common shares
Grant date	September 3, 2018	August 31, 2023
Vesting conditions	See Note 2	See Note 3
Service period (Note 4)	From September 3, 2018 to September 2, 2022	From August 31, 2023 to August 30, 2027
Exercise period	From September 3, 2020 to September 3, 2025	From August 31, 2025 to August 4, 2033

Note 1: Equivalent number of shares has been described instead of the number of stock options.

The Company performed a share consolidation at a ratio of 10 shares to 1 share on October 1, 2017. With regard to first and second stock options, figures shown above are the number of shares after the conversion.

Note 2: Eligible persons shall be directors, executives, audit & supervisory board members or employees of the Company, the Company's subsidiaries or affiliates at the time of the exercise. However, the grantees can exercise their stock options without satisfying the above conditions in special cases when the Board of Directors permits in writing.

Note 3: Eligible persons shall be directors, audit & supervisory board members, executives or employees of the Company or the Company's subsidiaries at the time of the exercise. However, the grantees can exercise their stock options without satisfying the above conditions in special cases when the Board of Directors permits in writing.

Note 4: Stock options may be exercised from the second anniversary of the grant date; the number of stock options exercisable, however, varies over the exercise period depending on the number of stock options granted. Therefore, the service period shown above is the period in which all the allotted stock options become exercisable.

Notes to Consolidated Financial Statements

(2) Size and changes of stock options

Stock options that existed for FY2024 were as follows:

i) Number of stock options

Equivalent number of shares has been described instead of the number of stock options.

	First stock options (resolved on April 19, 2017)	Second stock options (resolved on September 26, 2017)	Third stock options (resolved on August 28, 2018)	Fourth stock options (resolved on August 4, 2023)
Unvested stock options (shares)				
Balance on March 31, 2024	—	—	—	5,454,000
Granted	—	—	—	—
Nullified	—	—	—	243,500
Vested	—	—	—	—
Balance on March 31, 2025	—	—	—	5,210,500
Vested stock options (shares)				
Balance on March 31, 2024	71,200	38,100	87,500	—
Vested	—	—	—	—
Exercised	—	—	—	—
Nullified	71,200	38,100	15,000	—
Balance on March 31, 2025	—	—	72,500	—

Note: The Company performed a share consolidation at a ratio of 10 shares to 1 share on October 1, 2017.
With regard to first and second stock options, figures shown above are the number of shares after the conversion.

ii) Unit price

	Yen	
	First stock options (resolved on April 19, 2017)	Second stock options (resolved on September 26, 2017)
Exercise price	¥ 4,120	¥ 3,400
Weighted-average share price at exercise	—	—
Fair value at the grant date	(74,100 shares) 1,970	(7,000 shares) 1,570

	Yen	
	Third stock options (resolved on August 28, 2018)	Fourth stock options (resolved on August 4, 2023)
Exercise price	¥ 2,717	¥ 896.9
Weighted-average share price at exercise	—	—
Fair value at the grant date	(54,500 shares) 1,010 (35,000 shares) 1,041 (15,000 shares) 1,139	(2,746,100 shares) 356.9 (1,356,800 shares) 378.1 (1,397,100 shares) 406.8

Note: The Company performed a share consolidation at a ratio of 10 shares to 1 share on October 1, 2017.
With regard to first and second stock options, figures shown above are the number of shares after the conversion.

(d) Estimation method of the number of vested stock options

The method used is to deduct only the number of actual nullified stock options as the estimation method of the number of vested stock options since a reasonable estimation of the number of stock options to be nullified in the future is difficult.

Notes to Consolidated Financial Statements

14. Income Taxes

(a) Significant differences between the statutory tax rate and the effective tax rate for financial statement purposes

	FY2023	FY2024
Statutory tax rate	—	30.4%
Foreign withholding tax	—	7.2
Net increase (decrease) in valuation allowance and other	—	11.0
Differences in tax rates of overseas consolidated subsidiaries	—	(5.2)
Share of profit of entities accounted for using equity method	—	(4.5)
Gain on change in equity	—	(2.6)
Other	—	(3.1)
Effective tax rate	—	33.3%

Note: Information for FY2023 is omitted since the Group recorded a loss before income taxes.

(b) Significant components of deferred tax assets and deferred tax liabilities

The significant components of deferred tax assets and deferred tax liabilities at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Deferred tax assets:		
Inventories	¥ 21,458	¥ 15,752
Allowance for doubtful accounts	92,351	113,845
Accrued expenses	18,143	12,557
Provision for bonuses	4,483	5,451
Provision for sales promotion expenses	1,767	1,741
Retirement benefit liability	15,664	15,114
Buildings and structures	73,521	48,171
Machinery, equipment and vehicles	18,061	23,638
Software	3,621	3,313
Long-term prepaid expenses	5,349	5,195
Shares of subsidiaries and associates	137,803	145,655
Tax loss carried forward *	146,726	159,402
Other	77,565	93,980
Gross deferred tax assets	616,517	643,819
Valuation allowance for tax loss carried forward *	(145,936)	(158,001)
Valuation allowance for future deductible temporary difference and other	(440,531)	(460,343)
Total valuation allowance	(586,468)	(618,345)
Total deferred tax assets	¥ 30,048	¥ 25,474
Deferred tax liabilities:		
Retained earnings appropriated for tax allowable reserves	¥ (968)	¥ (970)
Valuation difference on available-for-sale securities	(17,734)	(9,622)
Other	(9,819)	(10,197)
Total deferred tax liabilities	¥ (28,522)	¥ (20,790)
Net deferred tax assets	¥ 1,526	¥ 4,683

* Tax loss carried forward and its deferred tax assets amount by carry forward period at the end of FY2024 were as follows:

Notes to Consolidated Financial Statements

	Yen (millions)		
	FY2024		
	Tax loss carried forward*	Valuation allowance	Deferred tax assets
Expire within one year	¥ 54,495	¥ (53,918)	¥ 577
Expire after one year, within two years	3,093	(2,883)	209
Expire after two years, within three years	6,275	(6,202)	73
Expire after three years, within four years	728	(728)	—
Expire after four years, within five years	8,111	(8,111)	—
Expire after five years	86,697	(86,156)	540
Total	¥ 159,402	¥ (158,001)	¥ 1,400

*Tax loss carried forward shown is the amount which is multiplied by effective statutory tax rate.

(c) Revisions of deferred tax assets and deferred tax liabilities due to changes in income tax rate

The “Act for Partial Revision of the Income Tax Act and Other Acts” (Act No. 13, 2025) was passed by the National Diet on March 31, 2025, and a special defense corporate tax will be imposed for the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences and others that are expected to be eliminated after the fiscal years beginning on April 1, 2026 are calculated at a statutory effective tax rate of 31.4%, instead of the previous 30.4%.

The impact of this change in the tax rate is immaterial.

(d) Accounting treatment for corporate tax and local corporate tax, and tax effect accounting treatment thereof

The Company and some of its domestic consolidated subsidiaries adopt a group tax relief system. Accounting treatment and disclosure of corporate taxes, local corporate taxes, and tax effect accounting are in accordance with the “Practical Solution to Accounting and Disclosures Under the Group Tax Relief System” (Practical Issues Task Force No. 42, August 12, 2021).

15. Business Combinations

The main business combinations conducted during FY2024 were as follows:

Business combination through acquisition

(Making APSIA SAS a consolidated subsidiary through share acquisition)

(a) Overview of the business combination

(1) Name and field of business of the acquired company

Name of the acquired company: APSIA SAS and its three subsidiaries

Field of business: IT services business

(2) Main reasons for the business combination

In our B2B operations in Europe, we aim to expand the IT services business, a growing sector, by utilizing our customer base in the existing multi-function printers (MFP) business.

(3) Date of business combination

December 2, 2024 (Deemed acquisition date: December 31, 2024)

(4) Legal form of business combination

Acquisition of shares with cash as consideration

(5) Company name after business combination

APSIA SAS

(6) Ratio of voting rights acquired

100%

(7) Main reason for identifying the acquired company

Due to the fact that Sharp Electronics (Europe) GmbH, a consolidated subsidiary of the Company acquired the shares with cash as consideration.

Notes to Consolidated Financial Statements

(b) Period of financial results of the acquired company included in the consolidated financial statements

From January 1, 2025 to March 31, 2025

(c) Cost of acquisition of the acquired company and breakdown thereof by type of consideration

		Yen (millions)
Consideration of acquisition	Cash	¥ 4,308
	Contingent consideration	450
Total acquisition costs:		¥ 4,759

(d) Major components of acquisition-related expenses and the amount thereof

Remuneration and fees for advisors	¥ 60 million
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(e) Amount of goodwill recognized, reason for recognition, amortization method and amortization period

(1) Amount of goodwill recognized

¥3,249 million

(2) Reason for recognition

Goodwill was recognized in relation to the excess earning power anticipated at the time of the business combination.

(3) Amortization method and amortization period

Amortized by the straight-line method over 8 years

(f) Details of contingent consideration specified in the business combination agreement and policy for accounting treatment from FY2024 onward

The Company entered into a conditional contract (earn-out clause), whereby it shall pay up to a total of 3 million Euro based on the acquired company's achievement of operational milestones in a predetermined period.

Pursuant to IFRS, the contingent consideration at fair value (discounted present value) as of the acquisition date is recognized as a portion of the consideration. Any changes in fair value thereafter will also be recognized based on IFRS.

(g) Amount of assets accepted and liabilities assumed on the date of business combination and major breakdown thereof

		Yen (millions)
Current assets		¥ 1,376
Non-current assets		2,008
Total assets		3,384
Current liabilities		1,022
Non-current liabilities		853
Total liabilities		¥ 1,875

(h) Estimated amounts of impact on the consolidated statement of operations for FY2024 assuming the business combination was completed on the first day of the fiscal year and calculation method thereof

The information is omitted as it was immaterial.

Notes to Consolidated Financial Statements

16. Revenue Recognition

(a) Information on disaggregated revenue from contracts with customers

The Group's net sales mainly consist of revenue recognized from contracts with customers. The components of the Group's reportable segments disaggregated by type of goods or services were as follows.

Starting from FY2024, the classification of reportable segments has been changed. For comparison with the previous fiscal year below, figures for FY2023 were reclassified based on the reportable segments after the change. Details regarding the change in reportable segments are described in "17. Segment Information."

	Yen (millions)
	FY2023
Reportable Segment:	
Smart Life & Energy:	
Smart Appliances & Solutions business	¥ 366,606
Other	83,658
Sales to external customers	450,264
Smart Office:	
Smart Business Solutions business	412,831
PC business	167,216
Sales to external customers	580,047
Universal Network:	
TV Systems business	180,299
Mobile Communication business	131,185
Sales to external customers	311,485
Display Device:	
Display Device business	595,293
Sales to external customers	595,293
Electronic Device:	
Electronic Device business	384,829
Sales to external customers	384,829
Total	¥ 2,321,921

	Yen (millions)
	FY2024
Reportable Segment:	
Smart Life & Energy:	
Smart Appliances & Solutions business	¥ 386,360
Other	73,606
Sales to external customers	459,966
Smart Office:	
Smart Business Solutions business	426,459
PC business	253,277
Sales to external customers	679,736
Universal Network:	
TV Systems business	182,652
Mobile Communication business	155,642
Sales to external customers	338,295
Display Device:	
Display Device business	495,273
Sales to external customers	495,273
Electronic Device:	
Electronic Device business	186,875
Sales to external customers	186,875
Total	¥ 2,160,146

The Smart Life & Energy segment consists of the Smart Appliances & Solutions business and the other business. The Smart Appliances & Solutions business includes white goods such as refrigerators, washing machines and air conditioners.

The Smart Office segment consists of the Smart Business Solutions business and the PC business. The Smart Business Solutions business includes digital multifunction printers. The PC business includes personal computers.

The Universal Network segment consists of the TV Systems business and the Mobile Communication business. The TV Systems business includes televisions. The Mobile Communication business includes mobile phones.

The Display Device segment includes display modules, etc.

The Electronic Device segment includes camera modules, etc.

Notes to Consolidated Financial Statements

(b) Basic information for understanding revenue from contracts with customers

(1) Product sales

The Group manufactures and sells telecommunications equipment, electrical equipment, and electronic application equipment as “brand business” (white goods such as refrigerators, washing machines, and air conditioners in the Smart Life & Energy segment; digital multi-function printers, personal computers, etc. in the Smart Office segment; and mobile phones, televisions, etc. in the Universal Network segment). The Group also manufactures and sells electronic components as “device business” (display modules, etc. in the Display Device segment; and camera modules, etc. in the Electronic Device segment).

In principle, revenue from these transactions is recognized at the point when the customer obtains control of products delivered by the Group as the performance obligation is deemed to have been satisfied then. At that point in time, the legal title to the products, physical possession, and significant risks and rewards of the ownership of the products are transferred to the customer, and the Group is entitled to receive payment for the transaction. For some domestic sales, revenue is recognized upon shipment if the period of time from the shipment to the transfer of control of the products to the customer is considered to be normal.

Revenue is measured at the amount of consideration that the Group expects to be entitled (hereinafter, “transaction price”) in return for transfer of products or services to customers. The Group deducts sales rebates paid primarily to retailers from revenue. In this way, in determining a transaction price, if the consideration promised to the customer includes a variable component (hereinafter, “variable consideration”), the transaction price is estimated by subtracting any variable considerations. The amount of a variable consideration is included in the transaction price only to the extent that it is highly probable that the subsequent resolution of uncertainty concerning the amount of the variable consideration will not result in a significant reversal in revenue.

In addition, the Group has product warranty obligations under product sales agreements to repair or replace defective products free of charge within a certain period of time. Such warranty obligations provide assurance to the customer that the product will perform as intended in accordance with the specifications set forth in the agreement with the customer, and are therefore recognized as a provision for product warranties.

(2) Construction contracts

In the Energy Solutions business (“Other” in the Smart Life & Energy segment), the Group enters into construction contracts that include design and construction of solar power plants. In such contracts, the performance obligation is deemed to be satisfied over time as the construction progresses, and revenue is recognized according to the degree of progress made in satisfying that performance obligation. The degree of progress is measured by the Input method, which uses the ratio of the cost incurred to the estimated total cost of each contract.

However, for construction contracts that have a very short period of time from the contract commencement date to the date when the performance obligation is expected to be fully satisfied, the Group does not recognize revenue over time, but upon a completion of an acceptance inspection because the performance obligation is deemed to have been satisfied at that point in time.

(3) Services

The Group offers maintenance contracts and product warranty services associated with (1) Product sales contracts and (2) Construction contracts. For maintenance contracts, the Group provides maintenance services over the contract period and recognizes revenue according to the contract period. In some cases, an extended warranty contract is concluded as product warranty services, separately from the normal product warranties provided in accordance with agreed-upon specifications. In such cases, the Group recognizes revenue over the extended warranty period because the performance obligation of the product warranty services is satisfied over time.

(4) Licensing

The Group receives consideration for patent licensing by entering into an agreement that permits a customer to manufacture or sell the Group’s products or use its technologies.

Revenue from licensing is recognized over time if the nature of the Group’s promise in granting the license to the customer is the right to access the intellectual property over the term of the license. If it is the right to use the intellectual property at the point of time when the license is granted, revenue is recognized at that point.

In addition, for sales-based or usage-based royalties, amount and timing to recognize revenue is based on the sales amounts, etc. and timing recognized on the licensee side.

Notes to Consolidated Financial Statements

(c) Information on the relationship between satisfaction of performance obligations based on contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in the next fiscal year and beyond from the contracts with customers outstanding at the end of FY2023 and FY2024

(1) Balance of contract assets and contract liabilities, etc.

	Yen (millions)	
	FY2023	FY2024
Balance at beginning of year:		
Receivables arising from contracts with customers	¥ 433,106	¥ 401,308
Contract assets	4,951	6,230
Contract liabilities	86,838	112,145
	Yen (millions)	
	FY2023	FY2024
Balance at end of year:		
Receivables arising from contracts with customers	¥ 401,308	¥ 375,868
Contract assets	6,230	3,919
Contract liabilities	112,145	53,122

Note 1: Contract assets are, mainly generated from construction contracts, those related to the rights of the Company and its consolidated subsidiaries regarding the consideration for promised goods or services where performance obligations have been satisfied or partially satisfied as of the end of the fiscal year but have not yet been invoiced. Contract assets are transferred to receivables arising from contracts with customers once the right to consideration becomes unconditional.

Contract liabilities mainly consist of advances received from customers for products and consideration received for performance obligation of promised services that will be satisfied on a continuous basis.

Note 2: Of the amount of revenue recognized in FY2023, ¥18,614 million was transferred from the beginning balance of contract liabilities. Of the amount of revenue recognized in FY2024, ¥13,645 million was transferred from the beginning balance of contract liabilities.

Note 3: There were no significant changes in the balances of contract assets and contract liabilities for FY2023. There were no significant changes in the balance of contract assets for FY2024, while the balance of contract liabilities substantially declined. The main reason for the decline is a ¥68,331 million decrease caused by the transfer of advance payments for products that the Group had received from customers to other liabilities, following the ceased production at Sakai Display Products Corporation, a consolidated subsidiary, as well as the decline in net sales in the Electronic Device business and Display Device business. Other liabilities amounted to ¥47,176 million at the end of FY2024, after partial repayment to a customer and revaluation based on fiscal year-end foreign exchange rates.

Note 4: The amount of revenue generated from performance obligations satisfied (or partially satisfied) in prior periods and recognized in FY2023 and FY2024 (e.g., change in transaction price) was immaterial.

(2) Transaction price allocated to remaining performance obligations

Applying practical expedients to notes to the transaction price allocated to the remaining performance obligations, contracts with an initially expected contract period of one year or less and sales-based or usage-based royalties from intellectual property license agreements of the Company and its consolidated subsidiaries are not stated. Transaction price allocated to the remaining performance obligations at the end of FY2024 totals ¥54,648 million. These performance obligations are related to construction contracts, maintenance and warranty services, intellectual property license agreements, etc.

Approximately 33% of this transaction price is expected to be recognized as revenue within one year after March 31, 2025, approximately 57% within a timeframe of more than one year and less than five years, and the rest, approximately 10%, is expected to be recognized after five years.

Notes to Consolidated Financial Statements

17. Segment Information

(a) General information about reportable segments

The Group's reportable segments are components of the Group for which discrete financial information is available and whose operating results are reviewed regularly by the Board of Directors. The Board uses this information to make decisions about resources to be allocated among the segments and to assess segment performance.

The Group makes company-wide efforts to expand business through the development of new products, new markets, and new businesses, and to build a stronger management structure. Moreover, we work toward building a business promotion system centered on brand businesses by accelerating the creation of new businesses and developing innovative technologies and devices to "Be a Game Changer." To achieve these goals, we concentrate on three brand businesses: Smart Life & Energy, Smart Office, and Universal Network, as well as on the two device businesses, Display Device and Electronic Device, as reportable segments.

Effective from the second quarter of FY2024, Sharp Semiconductor Innovation Corporation, which was previously under the Electronic Device segment, is included in the Smart Life & Energy segment in accordance with the organizational change.

The segment information for FY2023 is restated in the segment classification after the change.

(b) Basis of measurement of reportable segment sales, profit or loss, segment assets and other material items

The accounting policies for the reportable segments are consistent with the Group's accounting policies used in the preparation of its consolidated financial statements. Intersegment sales and profit(loss) are recognized based on properly negotiated prices.

Depreciable assets of the administration groups of the Company's headquarters are not allocated to reportable segments. However, depreciation and amortization of these assets are properly allocated to reportable segments.

(c) Information on reportable segment sales, profit or loss, segment assets and other material items

Segment information for and at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Net sales:		
Smart Life & Energy:		
Customers	¥ 450,264	¥ 459,966
Intersegment	2,257	1,385
Total	452,522	461,351
Smart Office:		
Customers	580,047	679,736
Intersegment	1,955	870
Total	582,003	680,606
Universal Network:		
Customers	311,485	338,295
Intersegment	406	221
Total	311,891	338,516
Display Device:		
Customers	595,293	495,273
Intersegment	19,656	11,866
Total	614,950	507,139
Electronic Device:		
Customers	384,829	186,875
Intersegment	16,396	15,380
Total	401,225	202,255
Adjustments	(40,671)	(29,724)
Consolidated net sales	¥ 2,321,921	¥ 2,160,146
Segment profit (loss):		
Smart Life & Energy	¥ 27,775	¥ 20,343
Smart Office	29,674	42,627
Universal Network	8,880	18,682
Display Device	(83,290)	(40,513)
Electronic Device	13,181	5,754
Adjustments	(16,564)	(19,555)
Consolidated operating profit (loss)	¥ (20,343)	¥ 27,338
Segment assets:		
Smart Life & Energy	¥ 183,679	¥ 185,447
Smart Office	269,408	308,249
Universal Network	135,037	141,732
Display Device	257,799	261,471
Electronic Device	133,497	79,010
Adjustments	610,608	477,819
Consolidated assets	¥ 1,590,032	¥ 1,453,730

Notes to Consolidated Financial Statements

Other material items

	Yen (millions)	
	FY2023	FY2024
Depreciation:		
Smart Life & Energy	¥ 5,447	¥ 6,555
Smart Office	11,846	11,685
Universal Network	9,612	8,145
Display Device	11,862	6,343
Electronic Device	14,689	10,388
Adjustments	5,077	2,305
The amount presented in consolidated financial statements	¥ 58,536	¥ 45,423
Amortization of goodwill:		
Smart Life & Energy	¥ 44	¥ 21
Smart Office	1,447	1,489
Universal Network	194	87
Display Device	965	—
Electronic Device	—	—
Adjustments	—	—
The amount presented in consolidated financial statements	¥ 2,651	¥ 1,598
Investments in nonconsolidated subsidiaries and affiliates accounted for using equity method:		
Smart Life & Energy	¥ 523	¥ 512
Smart Office	—	—
Universal Network	—	—
Display Device	58,063	66,635
Electronic Device	—	—
Adjustments	44,569	46,806
The amount presented in consolidated financial statements	¥ 103,157	¥ 113,954
Increase in property, plant, equipment and intangible assets:		
Smart Life & Energy	¥ 5,052	¥ 7,444
Smart Office	14,339	18,178
Universal Network	6,396	5,669
Display Device	22,148	10,336
Electronic Device	11,624	2,135
Adjustments	2,503	8,956
The amount presented in consolidated financial statements	¥ 62,065	¥ 52,720

Adjustments of segment profit(loss) were ¥(16,564) million and ¥(19,555) million for FY2023 and FY2024, respectively, including elimination of intersegment transactions and corporate expenses not allocated to each reportable segment. Elimination of intersegment transactions for segment profit was ¥(0) million for FY2023. Corporate expenses not allocated to each reportable segment were ¥(17,163) million and ¥(18,463) million for

FY2023 and FY2024, respectively. Corporate expenses were mainly attributable to basic R&D expenses and expenses related to the administrative groups of the Company's headquarters.

Adjustments of segment assets were ¥610,608 million and ¥477,819 million at the end of FY2023 and FY2024, respectively, and comprised elimination of intersegment transactions and corporate assets not allocated to each reportable segment. Elimination of intersegment transactions for segment assets were ¥(6,741) million and ¥(5,678) million, respectively. Corporate assets not allocated to each reportable segment were ¥617,350 million and ¥483,497 million at the end of FY2023 and FY2024, respectively. Corporate assets not allocated to each reportable segment were attributable mainly to cash and deposits, the Company's investment securities, and depreciable assets related to the Company's R&D groups as well as the administrative groups of the Company's headquarters.

Adjustments of investments in nonconsolidated subsidiaries and affiliates accounted for using equity method were ¥44,569 million and ¥46,806 million at the end of FY2023 and FY2024, respectively, which mainly comprised investments in Sharp Finance Corporation.

Adjustments of increase in property, plant, equipment and intangible assets were ¥2,503 million and ¥8,956 million for FY2023 and FY2024, respectively, and mainly comprised increases in the Company's R&D groups and the administrative groups of the Company's headquarters.

Depreciation includes the amortization of long-term prepaid expenses.

Increase in property, plant, equipment and intangible assets includes the increase in long-term prepaid expenses.

(d) Related information

(1) Net sales by product/service

Net sales by product/service were as follows:

	Yen (millions)	
	FY2023	FY2024
Net sales to outside customers:		
Display modules	¥ 595,293	¥ 495,273
Office solutions	258,798	262,407
Personal computers	166,668	252,626
Other	1,301,160	1,149,838
Total	¥ 2,321,921	¥ 2,160,146

(Change in presentation method)

"Personal computers," which was included in "Other" in FY2023, has been presented separately as its net sales to outside customers have exceeded 10% of the net sales in the consolidated statements of operations.

"Sensing devices," which was presented separately in FY2023, has been included in "Other" as its materiality has diminished.

As a result, ¥365,431 million and ¥1,102,396 million, which were presented as "Sensing devices" and "Other,"

Notes to Consolidated Financial Statements

respectively, in FY2023, have been reclassified as ¥166,668 million for “Personal computers” and ¥1,301,160 million for “Other.”

(2) Net sales by region/country

Net sales by region/country were as follows:

	Yen (millions)	
	FY2023	FY2024
Net sales:		
Japan	¥ 772,968	¥ 877,174
Americas	258,857	259,000
China	809,805	507,066
Asia	251,727	265,596
Other	228,562	251,308
Total	¥ 2,321,921	¥ 2,160,146

Note: Net sales are classified according to regions or countries where customers are located.

(3) Property, plant and equipment by region/country

Property, plant and equipment by region/country at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Property, plant and equipment, at cost less accumulated depreciation:		
Japan	¥ 164,856	¥ 117,774
Asia	72,591	44,385
Other	42,676	39,739
Total	¥ 280,123	¥ 201,899

(4) Major customers and related sales amount

Major customers and related sales amount for FY2023 were as follows:

	Yen (millions)
	FY2023
Net sales:	
APPLE INC.	¥ 430,294
Related segments:	
Display Device and Electronic Device for FY2023	

Description of this item for FY2024 is omitted because there is no external customer accounting for 10% or more of the net sales in the consolidated statements of operations.

(e) Impairment losses on non-current assets by reportable segment

Impairment losses on non-current assets by reportable segment were as follows:

	Yen (millions)	
	FY2023	FY2024
Impairment losses:		
Smart Life & Energy	¥ —	¥ —
Smart Office	—	—
Universal Network	—	985
Display Device	122,952	28,561
Electronic Device	—	21,342
Corporate Assets and Elimination	—	3,491
Total	¥ 122,952	¥ 54,381

Note 1: For FY2023, ¥619 million of the ¥122,952 million in impairment losses was included in “Loss from cancellation of made-to-order production” under extraordinary losses.

Note 2: For details regarding “Corporate Assets and Elimination” for FY2024, please refer to “(k) Impairment losses” under “3. Notes to Consolidated Statements of Operations.”

Notes to Consolidated Financial Statements

(f) Goodwill amortization and unamortized balance by reportable segment

Goodwill amortization and the unamortized balance by reportable segment for and at the end of FY2023 and FY2024 were as follows:

	Yen (millions)	
	FY2023	FY2024
Amortization of goodwill:		
Smart Life & Energy	¥ 44	¥ 21
Smart Office	1,447	1,489
Universal Network	194	87
Display Device	965	—
Electronic Device	—	—
Corporate Assets and Elimination	—	—
Total	¥ 2,651	¥ 1,598
Balance at end of year:		
Smart Life & Energy	¥ 17	¥ 188
Smart Office	5,321	7,076
Universal Network	82	—
Display Device	—	—
Electronic Device	—	—
Corporate Assets and Elimination	—	—
Total	¥ 5,422	¥7,264

Note: For FY2023, an impairment loss was recorded for ¥2,896 million of goodwill attributable to the Display Device segment.

(g) Gain on bargain purchase by reportable segment

FY2023

Not applicable

FY2024

Not applicable

18. Transactions with Related Parties

(a) Transactions with related parties

(1) Transactions between the Company and related parties

i) Parent company and major corporate shareholders, etc. of the Company

Principal transactions with related parties for FY2023 and FY2024 are omitted as they were immaterial.

ii) Nonconsolidated subsidiaries and affiliates, etc. of the Company

Principal transactions with related parties for FY2023 and FY2024 are omitted as they were immaterial.

iii) Subsidiaries owned by the same parent company as the Company and subsidiaries of other related companies of the Company, etc.

Principal transactions with related parties for FY2023 and FY2024 are omitted as they were immaterial.

iv) Directors and major individual shareholders, etc. of the Company

Principal transactions with related parties for FY2023 and FY2024 are omitted as they were immaterial.

Notes to Consolidated Financial Statements

(2) Transactions between the consolidated subsidiaries of the Company and related parties

i) Parent company and major corporate shareholders, etc. of the Company

Principal transactions with related parties for FY2023 were as follows:

Category	Company name	Location	Share Capital	Details of business	Holding or held ratio	Relationship with the related party	Detail of transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Parent	Hon Hai Precision Industry Co., Ltd.	New Taipei City, Taiwan	NT\$138,629 million	Electronic equipment contract manufacturing service	(Held) 22.3% Directly 11.8% Indirectly [23.2%]	Sale of products	Receipt of advances	35,824	Contract liabilities (advances)	45,033

Note 1: Transaction prices and other transaction terms are determined appropriately through negotiation.

Note 2: The holding or held ratio in brackets is not included in the figures above it and indicates the ratio held by the entities which are regarded to exercise their voting rights in the same manner as Hon Hai Precision Industry Co., Ltd. due to their close relationships.

Note 3: Sakai Display Products Corporation, a consolidated subsidiary, decided on May 14, 2024 to cease production at the Sakai Plant. The contract liabilities are advance payments for products received by SDP.

Principal transactions with related parties for FY2024 were as follows:

Category	Company name	Location	Share Capital	Details of business	Holding or held ratio	Relationship with the related party	Detail of transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Parent	Hon Hai Precision Industry Co., Ltd.	New Taipei City, Taiwan	NT\$138,917 million	Electronic equipment contract manufacturing service	(Held) 22.3% Directly 11.8% Indirectly [23.2%]	Sale of products	Contract manufacturing, sale of products	14,130	Accounts receivable	20,346
							Purchase of raw materials and products	55,058	Accounts payable	25,286
							Payment of accounts payable – other	34,771	Long-term accounts payable – other	14,825
							Payment of interest	764	—	—

Note 1: Transaction prices and other transaction terms are determined appropriately through negotiation.

Note 2: The holding or held ratio in brackets is not included in the figures above it and indicates the ratio held by the entities which are regarded to exercise their voting rights in the same manner as Hon Hai Precision Industry Co., Ltd. due to their close relationships.

Note 3: The transaction amount of contract manufacturing is the net of product sales price less the amount of raw materials supplied.

Note 4: Contract liabilities (advances) that were recorded in FY2023 were transferred to accounts payable – other and long-term accounts payable – other in FY2024. Of these, accounts payable – other were fully paid out by March 31, 2025.

ii) Nonconsolidated subsidiaries and affiliates, etc. of the Company

Principal transactions with related parties for FY2023 and FY2024 are omitted as they were immaterial.

iii) Subsidiaries owned by the same parent company as the Company and subsidiaries of other related companies of the Company, etc.

Principal transactions with related parties for FY2023 and FY2024 are omitted as they were immaterial.

iv) Directors and major individual shareholders, etc. of the Company

Principal transactions with related parties for FY2023 and FY2024 are omitted as they were immaterial.

(b) Information on the parent company and significant affiliates

(1) Information on the parent company

Hon Hai Precision Industry Co., Ltd. (Listed on the Taiwan Stock Exchange)

(2) Summary of financial statements of significant affiliated company

For FY2023 and FY2024, the significant affiliated company was SDP Global (China) Co., Ltd.

Summary of its financial statements was as follows:

	Yen (millions)	
	FY2023	FY2024
Current assets	¥ 151,812	¥ 184,777
Non-current assets	806,485	749,723
Current liabilities	218,035	257,890
Non-current liabilities	487,006	414,991
Net assets	253,256	261,618
Net sales	211,276	230,268
Income before income taxes	10,128	11,683
Net income	10,128	11,683

Notes to Consolidated Financial Statements

19. Per Share Information

Per share data at the end of FY2023 and FY2024 were as follows:

	Yen	
	FY2023	FY2024
Net assets per share	¥ 219.35	¥ 236.20
Basic earnings (loss) per share	(230.99)	55.59
Diluted earnings per share	—	—
	Diluted earnings per share is not stated because it is a net loss per share, although there are potentially dilutive shares.	Diluted earnings per share is not stated because potentially dilutive shares exist without dilutive effect at the moment.

Basic earnings (loss) per share and diluted earnings per share at the end of FY2023 and FY2024 were calculated on the following basis:

	FY2023	FY2024
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (millions of yen)	¥ (149,980)	¥ 36,095
Amounts not allocated to common shares (millions of yen)	—	—
Profit (loss) attributable to owners of parent (millions of yen)	(149,980)	36,095
Average number of common shares outstanding during each year (thousands of shares)	649,281	649,300
Residual securities which do not dilute earnings per share	712 share options resolved by the board of directors on April 19, 2017 (First Share Options)	725 share options resolved by the board of directors on August 28, 2018 (Third Share Options)
	381 share options resolved by the board of directors on September 26, 2017 (Second Share Options)	52,105 share options resolved by the board of directors on August 4, 2023 (Fourth Share Options) A brief summary is in Note 13. Stock Options.
	875 share options resolved by the board of directors on August 28, 2018 (Third Share Options)	
	54,540 share options resolved by the board of directors on August 4, 2023 (Fourth Share Options) A brief summary is in Note 13. Stock Options.	

20. Significant Subsequent Events

(a) Transfer of important assets

The Company transferred a part of fixed assets at Sakai Plant owned by the Company and Sakai Display Products Corporation (hereinafter “SDP”), a consolidated subsidiary of the Company, to KDDI CORPORATION as of April 4, 2025.

(1) Reason for the transfer

Under the policy of Asset Light Initiatives, we aim to improve the Group's financial foundation and establish a business structure centered on Brand Business through this asset transfer.

(2) Name of the counterparty to the transfer

KDDI CORPORATION

(3) Details of the assets transferred

Type of assets	Location	Transfer price
Land (the Company's assets) Buildings and structures (SDP's assets) (A former color filter manufacturing plant)	Sakai-ku, Sakai-city	¥10,000 million

(4) Date of transfer

April 4, 2025

(b) Transfer of shares in significant subsidiaries, etc.

On April 23, 2025, the Company entered into an agreement to transfer entire shares of Sharp Fukuyama Laser Co., Ltd. (hereinafter “SFL”), a consolidated subsidiary of the Company, to Hon Yuan International Investment Co., Ltd., a subsidiary of Hon Hai Precision Industry Co., Ltd., which is the Company's parent company (hereinafter “Share Transfer”). Prior to the Share Transfer, the Company transferred the rights and obligations related to certain laser business and semiconductor business that SFL had been operating to SFL through a company split (absorption-type split, hereinafter “the Company Split”).

After this Share Transfer, SFL and P.T. Sharp Semiconductor Indonesia, a subsidiary of SFL, were excluded from the scope of consolidation.

Notes to Consolidated Financial Statements

(1) Reason for the Share Transfer

The Company decided on the Company Split and the Share Transfer to establish a business structure centered on Brand Business under a policy of Asset Light Initiatives.

(2) Overview of SFL transferred

- | | |
|------------------------------|--|
| i) Name | Sharp Fukuyama Laser Co., Ltd. |
| ii) Main business activities | Planning, development, production and distribution of semiconductor lasers; development, manufacturing and distribution of semiconductors and semiconductor application devices; and foundry service |
| iii) Business relationship | The Company had transactions related to semiconductor lasers, semiconductors, and semiconductor application devices with the relevant company. |

(3) Name of counterparty to the transfer

Hon Yuan International Investment Co., Ltd.

(4) Share Transfer schedule

- | | |
|--------------------------|--------------------|
| i) Contract signing date | April 23, 2025 |
| ii) Share Transfer date | September 29, 2025 |

(5) Share Transfer Summary

- | | |
|--|-----------------|
| i) Share of equity before the transfer | 100% |
| ii) Number of shares transferred | 1,200 shares |
| iii) Transfer price | ¥15,500 million |
| iv) Share of equity after the transfer | 0% |

(6) Outlook

The gain or loss on the Share Transfer in the next fiscal year is estimated to be immaterial.

(c) Change in segment classification

In FY2024, we categorized the Group's reportable segments into five reportable segments: Smart Life & Energy, Smart Office, Universal Network, Display Device, and Electronic Device. Effective from FY2025, we categorized reportable segments into three segments: Smart Life, Smart Workplace and Display Device.

This reorganization divides our strategic brand business into two groups: the Smart Life Business Group, which focuses on lifestyles, and the Smart Workplace Business Group, which focuses on workstyles. Our goal is to focus and shift our business to accelerate new value creation in each area and enhance profitability and growth potential. Meanwhile, Display Device will continue to concentrate on high-value-added products for automotive, mobile, and industrial applications, where we can maintain a competitive advantage.

Following the change in segments, the TV system business (formerly under Universal Network) is now classified under Smart Life, along with the previous Smart Life & Energy. Similarly, the mobile communication business (formerly under Universal Network) is now included in Smart Workplace, along with the previous Smart Office. In addition, we group Electronic Device, which is scheduled for transfer, and Sakai Display Products Corporation, which has ceased panel production, under Other and exclude them from reportable segments.

Information on net sales, profit (loss) of each reclassified reportable segment for FY2024 is as follows.

Notes to Consolidated Financial Statements

	Yen (millions)
	FY2024
Net sales:	
Reportable Segment:	
Smart Life:	
Customers	¥ 642,618
Intersegment	961
Total	643,580
Smart Workplace:	
Customers	835,379
Intersegment	978
Total	836,357
Display Device:	
Customers	444,114
Intersegment	8,117
Total	452,231
Other (Note 1):	
Customers	238,033
Intersegment	19,129
Total	257,162
Adjustments	(29,186)
Consolidated net sales	¥ 2,160,146
Segment profit (loss):	
Smart Life	¥ 21,973
Smart Workplace	59,679
Display Device	(26,932)
Other	(7,826)
Adjustments (Note 2)	(19,555)
Consolidated operating profit (Note 3)	¥ 27,338

Note 1: Business segments excluded from reportable segments are classified as Other, consisting of the Electronic Device business and Sakai Display Products Corporation. Of these, sales of ¥54,907 million ¥ (51,158 million from external customers, ¥3,749 million from transactions with other segments), and segment loss of ¥ (13,581) million were related to Sakai Display Products Corporation.

Note 2: Adjustments for segment profits or losses of ¥ (19,555) million include ¥ (18,463) million in company-wide expenses that have not been allocated to each reportable segment. Company-wide expenses are mainly related to basic R&D expenses and expenses related to the Company's head office.

Note 3: Segment profits or losses are adjusted for operating profit in consolidated financial statements.

(d) Allotment of stock options (share acquisition rights)

The Company decided at the Board of Directors meeting held on May 12, 2025 to allot share acquisition rights as stock options to directors, executive officers, and employees (hereinafter collectively called "Officers and Employees") of the Group and determined the subscription requirements of said share acquisition rights based on the authority delegated by the Ordinary General Meeting of Shareholders held on June 27, 2024. The Board of Directors also resolved to solicit applicants for the subscription of said share acquisition rights. In addition, on June 10, 2025, the Company determined the number of grantees, the total number of the allotment, and the value of assets to be contributed upon the exercise of the share acquisition rights.

(1) Purpose of adopting the stock option plan

The Company implemented the stock option plan that would help the Company retain and recruit human resources required for the Company's revitalization and growth, and would serve as an incentive to increase their motivation to participate in the Group's business management and contribute to higher performance, as well as the increased corporate value of the Company. The Company will issue share acquisition rights as stock options as one of the types of remuneration for Officers and Employees of the Group.

(2) Date of allotment of share acquisition rights

June 10, 2025

(3) Number of individuals eligible for solicitation and the number of share acquisition rights to be allotted

668 Officers and Employees of the Group; 42,740

(4) Class and number of shares to be issued upon exercise of share acquisition rights

4,274,000 shares of common stock of the Company

(5) Total number of share acquisition rights to be allotted

42,740 (100 shares per unit of share acquisition rights)

(6) Cash payment for share acquisition rights

No cash payment is required for share acquisition rights.

Notes to Consolidated Financial Statements

(7) Value of assets to be contributed upon the exercise of share acquisition rights

The value of assets to be contributed upon the exercise of each share acquisition right shall be the value per share to be issued by the exercise of each share acquisition right (hereinafter, "Exercise Value") multiplied by the number of shares to be issued upon the exercise of one unit of share acquisition rights.

The Exercise Value shall be ¥877.9. If the Company splits or consolidates its common stock after the issuance of share acquisition rights, the Exercise Value shall be adjusted.

(8) Exercise period of share acquisition rights

The exercise period shall be from June 10, 2027 to May 12, 2035. If the last day of the exercise period falls on a Company holiday, the final day shall be the working day immediately preceding the last day.

(9) Increase in capital due to the issuance of shares arising from the exercise of share acquisition rights

Amount of increase in capital as a result of issuing shares upon exercise of share acquisition rights shall be half of the upper limit of capital increase as calculated pursuant to the provisions of Article 17, Paragraph 1 of the Ordinance on Accounting of Companies, where any resultant fraction less than one yen shall be rounded up.

Consolidated Subsidiaries

(At the end of FY2024)

Domestic

Sharp Marketing Japan Corporation
Sharp Energy Solutions Corporation
Sharp Display Manufacturing Corporation
Sakai Display Products Corporation
Sharp IP Infinity Co., Ltd.
Dynabook Inc.

Sharp Semiconductor Innovation Corporation
Sharp Fukuyama Laser Co., Ltd.
Sharp Cocoro Life Inc.
Sharp Display Technology Corporation
Sharp NEC Display Solutions, Ltd.
Sharp Sensing Technology Corporation

Overseas

<Countries and Areas>

Sharp Electronics Corporation <New Jersey, U.S.A.>
Sharp Laboratories of America, Inc. <Washington, U.S.A.>
Dynabook Americas, Inc. <California, U.S.A.>
Sharp NEC Display Solutions of America, Inc. <Illinois, U.S.A.>
Sharp Electronics of Canada Ltd. <Ontario, Canada>
Sharp Corporation Mexico, S.A. de C.V. <Mexico City, Mexico>
Sharp Electronics (Europe) Limited <Middlesex, U.K.>
Sharp International Finance (U.K.) Plc. <Middlesex, U.K.>
Sharp Electronics (Europe) GmbH <Hamburg, Germany>
Sharp NEC Display Solutions Europe GmbH <Munich, Germany>
Sharp Manufacturing France S.A. <Soulitz, France>
Sharp Consumer Electronics Poland Sp. z o.o. <Toruń, Poland>
Sharp Middle East Free Zone Establishment <Dubai, U.A.E.>
Sharp Universal Technology (Shenzhen) Co., Ltd. <Shenzhen, China>
Sharp Universal Technology (Shanghai) Co., Ltd. <Shanghai, China>
Shanghai Sharp Electronics Co., Ltd. <Shanghai, China>
Sharp Electronics Sales (China) Co., Ltd. <Shanghai, China>
Nanjing Sharp Electronics Co., Ltd. <Nanjing, China>
Sharp Office Equipments (Changshu) Co., Ltd. <Changshu, China>

Wuxi Sharp Electronic Components Co., Ltd. <Wuxi, China>
Wuxi Sharp Display Technology Co., Ltd. <Wuxi, China>
Dynabook Technology (Hangzhou) Inc. <Hangzhou, China>
Yantai Xia Ye Electrons Co., Ltd. <Yantai, China>
Sharp Hong Kong Limited <Hong Kong>
Sharp (Taiwan) Electronics Corporation <New Taipei, Taiwan>
Dynabook Technology (Taiwan) Co., Ltd. <Taoyuan, Taiwan>
Sharp Electronics (Malaysia) Sdn. Bhd. <Selangor, Malaysia>
Sharp Manufacturing Corporation (M) Sdn. Bhd. <Johor, Malaysia>
Sharp North Malaysia Sdn. Bhd. <Kedah, Malaysia>
Sharp Singapore Electronics Corporation Pte. Ltd. <Singapore>
Sharp Appliances (Thailand) Ltd. <Chachoengsao, Thailand>
Sharp Manufacturing (Thailand) Co., Ltd. <Nakornpathom, Thailand>
P.T. Sharp Electronics Indonesia <West Jawa, Indonesia>
Saigon STEC Co., LTD. <Thu Dau Mot, Vietnam>
Sharp Manufacturing Vietnam CO., LTD. <Tan Uyen, Vietnam>
Sharp (Phils.) Corporation <Manila, Philippines >
Sharp Business Systems (India) Private Ltd. <New Delhi, India>
Sharp Corporation of Australia Pty. Ltd. <New South Wales, Australia>

* There are 68 other consolidated subsidiaries in addition to the companies listed above.

Corporate Information

(At the end of FY2024)

Corporate Overview

Corporate Name	Sharp Corporation
Incorporation	May 1935 (Founding: September 1912)
Head Office	1 Takumi-cho, Sakai-ku, Sakai City, Osaka 590-8522, Japan
Capital Stock	5 billion yen
Employees	Consolidated: 40,123 Japan: 15,761 / Overseas: 24,362

Stock Information

Number of Shares Authorized	1,000,000,000
Number of Shares Issued	650,406,538
Number of Shareholders	142,373
Stock Exchange Listings	Tokyo

Principal Shareholders

	Number of shares held	Percentage of total shares(%)
HON HAI PRECISION INDUSTRY CO., LTD.	144,900,000	22.32
SIO INTERNATIONAL HOLDINGS LIMITED	85,884,845	13.23
FOXCONN (FAR EAST) LIMITED	76,655,069	11.81
FOXCONN TECHNOLOGY PTE. LTD.	64,640,000	9.96
The Master Trust Bank of Japan, Ltd. (Trust Account)	45,112,500	6.95
LGT BANK LTD.	26,060,305	4.01
WORLD PRAISE LIMITED	25,622,400	3.95
CLEARSTREAM BANKING S. A.	12,101,107	1.86
Custody Bank of Japan, Ltd. (Trust Account)	10,377,300	1.60
Nippon Life Insurance Company	4,731,738	0.73

(Note) Percentage of total shares is calculated by the number of shares issued excluding 1,106,821 treasury shares.

Share Distribution (Proportion of total issued shares)

	Japanese Individual Shareholders	Japanese Financial Institutions
Foreign Shareholders 74.47%	12.78%	10.73%
Other Japanese Corporations 1.32%		
Japanese Securities Companies 0.53%		
Treasury Stock 0.17%		

External recognitions

As of September 2025, Sharp has been included in the following indexes and recognitions.

■ FTSE4Good Index Series



■ FTSE Blossom Japan Index



FTSE Blossom Japan Index

■ FTSE Blossom Japan Sector Relative Index



FTSE Blossom Japan Sector Relative Index

■ S&P/JPX Carbon Efficient Index



■ MSCI ESG Ratings



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■ MSCI Japan Equity ESG Select Leaders Index

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

■ MSCI Japan ESG Select Leaders Index

2025 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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■ Morningstar Japan ex-REIT Gender Diversity Tilt Index

This index is compiled by Morningstar, a U.S. company, using data and evaluation methods from Equileap, a Dutch company, to select companies that have gender diversity policies ingrained in their culture and that promise equal opportunities to employees regardless of gender.

■ EcoVadis Sustainability Rating

Sharp has passed a rating evaluation by EcoVadis, a company that evaluates the sustainability performance of supplier companies. Its aim is to improve those companies' environmental and social practices by taking into account the impact that global supply chains have on the environment and society.

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