

# Consolidated Financial Results for the Year Ended March 31, 2019

May 9, 2019

## SHARP CORPORATION

Stock exchange listings: Tokyo  
 Code number: 6753  
 URL: <https://corporate.jp.sharp/> (English : <http://www.sharp-world.com/>)  
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Scheduled date of the Ordinary

General Meeting of Shareholders: June 25, 2019

Scheduled dividend payment date: June 5, 2019

Supplementary material: Yes

Financial results meeting: Yes (targeted at institutional investors and analysts)

(Monetary amounts are rounded down to the nearest million yen.)

## 1. Results for the Year Ended March 31, 2019

### (1) Financial Results

(The percentage figures represent the percentage of increase or decrease against the previous year.)

Millions of Yen

	Net Sales	Percent Change	Operating Profit	Percent Change	Ordinary Profit	Percent Change
Year Ended March 31, 2019	2,400,072	-1.1%	84,140	-6.6%	69,011	-22.7%
Year Ended March 31, 2018	2,427,271	+18.4%	90,125	+44.3%	89,320	+256.3%

	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Year Ended March 31, 2019	74,226	+5.7%	116.80	91.69
Year Ended March 31, 2018	70,225	-	106.07	85.60

[Reference] Comprehensive income : March 31, 2019 ; 78,958 million yen -6.0 %  
 March 31, 2018 ; 84,016 million yen - %

	Net Income to Equity	Ordinary Profit to Total Assets	Operating Profit to Net Sales
Year Ended March 31, 2019	20.4%	3.7%	3.5%
Year Ended March 31, 2018	20.9%	4.9%	3.7%

### (2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2019	1,866,349	372,471	18.8%	392.56
As of March 31, 2018	1,908,461	401,713	19.8%	267.48

[Reference] Equity: March 31, 2019 ; 350,630 million yen  
 March 31, 2018 ; 378,340 million yen

Note1: Sharp carried out a share consolidation of common shares as well as Class C shares at a ratio of 10 shares to 1 share on October 1, 2017. Therefore, the figures for the net income per share and the fully diluted net income per share are calculated on the assumption that Sharp conducts this consolidation on the beginning of the previous fiscal year.

Note2: Sharp adopted Partial Amendment to Accounting Standard for Tax-Effect Accounting (ASBJ Statement No.28, February 16, 2018) at the beginning of the current consolidated fiscal year. Under this standard, sharp presents deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities. The balance sheet for the prior consolidated fiscal year has been reclassified to reflect the application of this accounting standard retroactively.

### (3) Cash Flows

Millions of Yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year Ended March 31, 2019	79,043	( 167,587 )	( 88,517 )	228,798
Year Ended March 31, 2018	105,270	( 126,006 )	( 29,133 )	404,001

## 2. Dividends

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Pay-out Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual			
Year Ended March 31, 2018	-	0.00	-	10.00	10.00	4,972	9.4%	4.7%
Year Ended March 31, 2019	-	0.00	-	20.00	20.00	10,626	17.1%	6.1%
Year Ending March 31, 2020 (Forecast)	-	-	-	-	-		-	

Note: The amount of dividend per share for the year ending March 31, 2020, has not been decided at the time of announcement.

Dividends noted above are on common shares. As for the status of dividends for Class Shares (unlisted) with different rights from those of common shares of Sharp Corporation, please see "(Reference) Dividends on Class Shares."

## 3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2020

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

Millions of Yen

	Net Sales	Percent Change	Operating Profit	Percent Change	Ordinary Profit	Percent Change	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)
Six Months Ending September 30, 2019	1,200,000	+6.3%	44,000	-6.4%	42,000	-2.8%	37,000	-9.6%	58.25
Year Ending March 31, 2020	2,650,000	+10.4%	100,000	+18.8%	95,000	+37.7%	80,000	+7.8%	126.32

## 4. Other Information

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): Yes

Newly added : 6 companies

SAIGON STEC CO.,LTD., YANTAI XIAYE ELECTRONICS CO., LTD., Dynabook Inc.,

Dynabook Technology (Hangzhou) Inc., Dynabook ANZ Pty. Limited, Dynabook Americas, Inc.

Excluded : None

Note: Toshiba Client Solutions Co., Ltd. was renamed to Dynabook Inc. on January 1, 2019.

Toshiba Information Equipment (Hangzhou) Co., Ltd., Toshiba Client Solutions ANZ Pty. Ltd. and

Toshiba America Client Solutions, Inc. was renamed to Dynabook Technology (Hangzhou) Inc.,

Dynabook ANZ Pty. Limited and Dynabook Americas, Inc. on April 1, 2019, respectively.

(2) Changes in accounting policies and accounting estimates, and restatement

1. Changes in accounting policies arising from revision of accounting standards: Yes

2. Changes arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of March 31, 2019 ; 532,416,558 shares

as of March 31, 2018 ; 498,316,558 shares

2. Number of shares of treasury stock as of March 31, 2019 ; 1,104,951 shares

as of March 31, 2018 ; 1,067,494 shares

3. Average number of shares outstanding during the year ended March 31, 2019 ; 520,854,241 shares

during the year ended March 31, 2018 ; 497,255,015 shares

Note: Sharp carried out a share consolidation of common shares at a ratio of 10 shares to 1 share on October 1, 2017. Numbers of shares are calculated on the assumption that Sharp conducts this consolidation on the beginning of the previous fiscal year.

Notes:

1. This financial release is not subject to audit.

2. This financial release contains certain statements about the future, which are based on information available and deemed reasonable to the Sharp Group at the time of announcement and are not the commitments made by Sharp.

Actual operating results may differ materially from the forecast due to various factors.

For the assumptions and other related matters concerning financial results forecast, please refer to "(2) Future outlook" of "1. Qualitative Information: Fiscal 2018 Financial Results" on page 5.

3. Sharp will hold a financial results meeting on May 9, 2019. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.

4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of Sharp, which were prepared in accordance with accounting principles and practices generally accepted in Japan.

## **(Reference) Dividends on Class Shares**

The following shows breakdown of dividends per share on Class Shares with different rights from those of common shares.

Class A Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2018	-	0.00	-	74,916.50	74,916.50
Year Ended March 31, 2019	-	0.00	-	26,263.60	26,263.60
Year Ending March 31, 2020 (Forecast)	-	-	-	-	-

Class C Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2018	-	0.00	-	1,000.00	1,000.00
Year Ended March 31, 2019	-	0.00	-	2,000.00	2,000.00
Year Ending March 31, 2020 (Forecast)	-	-	-	-	-

### Notes:

1. Number of Class A Share issued are 108,000 shares as of March 31, 2019. While the number as of March 31, 2018, were 200,000 shares, Sharp acquired and cancelled 92,000 shares on January 30, 2019.
2. In accordance to the Company's Articles of Incorporation, Sharp calculated the amount of dividend for Class A Share. The figure for the year ended March 31, 2018 includes the accumulated dividends for years ended March 31, 2016 and 2017.
3. Number of Class C Share issued are 795,363 shares as of March 31, 2019. While the number as of March 31, 2018, were 1,136,363 shares, Sharp cancelled 341,000 Class C shares after acquiring them with 34,100,000 common shares as consideration on July 23, 2018.
4. Dividend priority of Class C Share is equal to common share. In accordance to the dividend clause defined in the Company's Articles of Incorporation, the amount of dividend per Class C Share is equal to the amount of dividend for 100 common shares.
5. The amount of dividend per share for the year ending March 31, 2020, has not been decided at the time of announcement.

## **1. Qualitative Information: Fiscal 2018 Financial Results**

### **(1) Qualitative Information regarding Consolidated Financial Results**

#### **i. Financial results for fiscal 2018**

During fiscal 2018, the economy of Japan experienced a gradual recovery, mainly due to improved employment and a recovery in personal consumption. However, there was a notable weakness in exports and production for certain goods. Overseas, some countries of the EU showed signs of slowing, while the economy of China also experienced a gradual slowdown throughout the period. At the same time, the U.S. continued to experience an economic recovery.

Amid these circumstances, Sharp pursued our business vision for *Changing the World with 8K and AIoT*. In addition, we worked to strengthen our earnings capacity and financial condition, shifting to quality above quantity for further growth in response to business conditions.

During the year, we created unique products and feature-rich devices. Our accomplishments included the *AQUOS 8K* (world's first 8K tuner-embedded LCD TV), as well as AIoT cloud services-compatible home appliances, such as the *Healsio Hotcook* (automatic waterless cooker<sup>\*1</sup>), refrigerators with Plasmacluster technology<sup>\*2</sup>, and Plasmacluster washer/dryers<sup>\*3</sup>. We also released the *AQUOS R2*<sup>\*4</sup>, a smartphone that uses AI to automatically capture still pictures while shooting video. In addition to products, we expanded our cloud services, including new features to our *COCORO KITCHEN*, *COCORO VISION*, and *COCORO WASH*.

Sharp added Dynabook Inc. as a consolidated subsidiary and engaged in other measures to further strengthen our ability to offer competitive AIoT solutions to the global market. For the first time in four years, we sponsored a full booth at the U.S.-based consumer electronics trade show, CES2019<sup>\*5</sup>, promoting our 8K and AIoT projects.

Finally, to improve our equity qualitatively and raise the value of our common shares, we purchased and cancelled 92,000 of the 200,000 outstanding Class A shares, which entail dilution risk, preferred dividends, and other considerations.

Consolidated net sales for fiscal 2018 amounted to 2,400.0 billion yen, fell 1.1% year on year, as our Advance Display Systems reported lower sales. Operating profit amounted to 84.1 billion yen (6.6% decrease), due to decreased profit in our Advance Display Systems segment. Ordinary profit was 69.0 billion yen (fell 22.7% year on year), while profit attributable to owners of parent amounted to 74.2 billion yen (5.7% increase).

\*1 Automatic waterless cooker that provides ingredient and recipe instructions via screen and audio.

\*2 World's first Plasmacluster refrigerator that provides recipe suggestions and cooking support connected to cooking appliances such as the *Sharp Healsio Superheated Steam Oven* and the *Healsio Hotcook*.

\*3 Plasmacluster washer/dryer that provides washing instructions according to weather conditions, seasons, and washing history via audio and smartphone app.

\*4 World's first smartphone with separate video and still picture back-facing cameras capable of capturing video and stills at the same time.

\*5 For more, see *Sharp to Take Part in CES2019, the 1st Time in 4 Years*, published December 18, 2018.  
<http://www.sharp-world.com/corporate/news/181218.html>

The sales performance of each business segment in fiscal 2018 was as follows. Segment sales include inter-segment sales and transfers.

**1. Smart Homes**

Our Smart Homes segment recorded sales of 696.9 billion yen, up 14.6% year on year. This result was mainly driven by increased sales of air conditioners, washing machines and refrigerators. In addition, the new consolidation of Dynabook Inc. contributed to sales increase.

**2. Smart Business Solutions**

Smart Business Solutions sales were 0.7% higher year on year, reaching 320.4 billion yen. Improvements in multi-function printer sales drove the majority of growth for the segment.

**3. IoT Electronics Devices**

The IoT Electronics Devices segment recorded sales of 499.0 billion yen for the year (1.1% decrease), mainly due to decreased sales of sensor modules.

**4. Advance Display Systems**

Advance Display Systems sales for the year amounted to 959.6 billion yen, fell 11.7% compared to the prior fiscal year. This result was mainly due to lower sales of LCD TVs.

**ii. Analysis of financial position**

Total assets as of the consolidated fiscal year end amounted to 1,866.3 billion yen, fell 42.1 billion yen compared to the prior fiscal year end. This decrease was mainly due to decrease in cash and deposits, despite partially offsetting increases in notes and accounts receivable-trade.

Total liabilities amounted to 1,493.8 billion yen, fell 12.8 billion yen compared to the prior fiscal year end. The majority of this decrease was due to lower notes and accounts payable-trade and accrued expenses. Net assets amounted to 372.4 billion yen (fell 29.2 billion yen), mainly due to the acquisition and cancellation of Class A Shares.

Sharp adopted Partial Amendment to Accounting Standard for Tax-Effect Accounting (ASBJ Statement No.28, February 16, 2018) at the beginning of the current consolidated fiscal year. Under this standard, we present deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities. The balance sheet for the prior consolidated fiscal year has been reclassified to reflect the application of this accounting standard retroactively.

Cash and cash equivalents as of the end of the consolidated fiscal year amounted to 228.7 billion yen, down 175.2 billion yen compared to the prior fiscal year end. Net cash provided by operating activities was 79.0 billion yen, net cash used in investing activities was 167.5 billion yen, and net cash used in financing activities was 88.5 billion yen.

**(2) Future outlook**

The economy of Japan is showing signs of weakness in certain sectors. However, the economy should continue experiencing a gradual recovery, mainly due to improving employment and income. As for the global economy, weakness in Asia and Europe, as well as gradual slowing in China, are likely. Nevertheless, the overall overseas business environment should continue to recover. At the

same time, U.S. administration policies, financial market trends, the economic situation in China and other Asian countries, the Brexit, and trade issues are all factors requiring constant close attention.

Meanwhile, Sharp will continue to roll out new businesses through cutting-edge 8K+5G Ecosystem and AIoT technologies, aiming for innovations across a wide range of business applications.

During fiscal 2019, we intend to (1) expand our business globally, (2) create new businesses, (3) engage in M&A and alliances, and (4) strengthen our competitive position, introducing new, feature-rich products and services. In parallel, we will accelerate the position of **Sharp** as a global brand. Through these efforts, we expect to grow our business, while also engaging in initiatives that generate greater earnings capacity and improve our equity qualitatively.

And, over the medium and long term, we will realize our business vision of *Changing the World with 8K and AIoT*.

The following outlines our current financial results forecast for the fiscal year ending March 2020.

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)  
(Billions of yen)

	Six months ending September 30, 2019	Increase Decrease	Six months ending March 31, 2020	Increase Decrease	Year ending March 31, 2020	Increase Decrease
Net sales	1,200.0	+6.3%	1,450.0	+14.1%	2,650.0	+10.4%
Operating profit	44.0	-6.4%	56.0	+50.8%	100.0	+18.8%
Ordinary profit	42.0	-2.8%	53.0	+105.4%	95.0	+37.7%
Profit attributable to owners of parent	37.0	-9.6%	43.0	+29.1%	80.0	+7.8%

We have assumed an exchange rate of USD1 to JPY105 for fiscal 2019.

\*The financial results forecast presented here is based on information available and judgments deemed reasonable at the time. These forecasts are not guarantees of future performance. Actual performance may differ materially due to a number of factors. Matters that could affect actual results include, but are not limited to, the following factors:

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

## **2. Basic Approach to Selection of Accounting Standards**

The Sharp uses Japanese accounting standards to ensure comparability of consolidated financial statements over different time periods.

We will continue to monitor trends in the adoption of the International Financial Reporting Standards (IFRS).

### **3. Consolidated Financial Statements**

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b><u>Assets</u></b>		
Current assets		
Cash and deposits	422,302	266,648
Notes and accounts receivable - trade	471,575	539,927
Inventories	219,714	243,849
Other	111,718	94,944
Allowance for doubtful accounts	(8,118)	(4,000)
Total current assets	1,217,193	1,141,369
Non-current assets		
Property, plant and equipment		
Buildings and structures	625,263	645,074
Machinery, equipment and vehicles	1,209,180	1,188,148
Tools, furniture and fixtures	235,418	218,694
Land	92,106	83,245
Construction in progress	45,848	47,741
Other	49,076	45,974
Accumulated depreciation	(1,828,299)	(1,823,840)
Total property, plant and equipment	428,595	405,038
Intangible assets		
Software	26,041	25,763
Other	18,755	13,931
Total intangible assets	44,797	39,695
Investments and other assets		
Investment securities	172,061	185,782
Retirement benefit asset	2,786	4,172
Deferred tax assets	18,729	22,740
Other	26,372	70,023
Allowance for doubtful accounts	(2,095)	(2,480)
Total investments and other assets	217,854	280,239
Total non-current assets	691,247	724,972
Deferred assets		
Bond issuance cost	21	6
Total deferred assets	21	6
<b>Total assets</b>	<b>1,908,461</b>	<b>1,866,349</b>
<b><u>Liabilities</u></b>		
Current liabilities		
Notes and accounts payable - trade	384,966	372,166
Electronically recorded obligations - operating	44,511	38,149
Short-term loans payable	81,256	81,446
Current portion of bonds	10,000	30,000
Accrued expenses	132,373	114,401
Provision for bonuses	20,859	20,639
Provision for product warranties	18,135	19,903
Provision for sales promotion expenses	14,392	12,422
Provisions for restructuring	1,198	666
Valuation reserve for inventory purchase commitments	21,369	17,123
Other	104,403	106,217
Total current liabilities	833,467	813,136
Non-current liabilities		
Bonds payable	30,000	-
Long-term loans payable	507,027	538,205
Retirement benefit liability	101,101	106,636
Other	35,151	35,898
Total non-current liabilities	673,280	680,740
<b>Total liabilities</b>	<b>1,506,748</b>	<b>1,493,877</b>



(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	295,332	208,725
Retained earnings	204,906	258,040
Treasury shares	(13,936)	(13,987)
Total shareholders' equity	491,302	457,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,876	13,531
Deferred gains or losses on hedges	(3,205)	(220)
Foreign currency translation adjustment	(47,302)	(44,251)
Remeasurements of defined benefit plans	(79,330)	(76,208)
Total accumulated other comprehensive income	(112,961)	(107,148)
Share acquisition rights	106	235
Non-controlling interests	23,265	21,605
<b>Total net assets</b>	<b>401,713</b>	<b>372,471</b>
<b>Total liabilities and net assets</b>	<b>1,908,461</b>	<b>1,866,349</b>

## (2) Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

## - Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	2,427,271	2,400,072
Cost of sales	2,023,007	1,975,958
Gross profit	404,264	424,113
Selling, general and administrative expenses	314,138	339,972
Operating profit	90,125	84,140
Non-operating income		
Interest income	2,350	2,713
Dividend income	1,436	1,396
Rent income on non-current assets	4,662	4,090
Foreign exchange gains	6,454	-
Share of profit of entities accounted for using equity method	176	-
Other	7,139	14,449
Total non-operating income	22,219	22,650
Non-operating expenses		
Interest expenses	4,801	4,376
Foreign exchange losses	-	5,782
Share of loss of entities accounted for using equity method	-	9,381
Other	18,223	18,239
Total non-operating expenses	23,024	37,779
Ordinary profit	89,320	69,011
Extraordinary income		
Gain on sales of non-current assets	2,222	10,599
Gain on sales of investment securities	793	-
Gain on bargain purchase	856	3,936
Gain on change in equity	825	180
Gain on step acquisitions	389	-
Total extraordinary income	5,087	14,716
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,094	1,161
Impairment loss	1,943	6,304
Loss on valuation of investment securities	-	10
Restructuring charges	-	355
Loss on liquidation of subsidiaries and associates	-	307
Loss on step acquisitions	1,954	-
Total extraordinary losses	4,991	8,139
Profit before income taxes	89,416	75,587
Income taxes - current	14,238	13,698
Income taxes - deferred	4,472	(11,523)
Total income taxes	18,711	2,175
Profit	70,705	73,412
Profit (loss) attributable to non-controlling interests	479	(814)
Profit attributable to owners of parent	70,225	74,226

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	70,705	73,412
Other comprehensive income		
Valuation difference on available-for-sale securities	2,402	(3,375)
Deferred gains or losses on hedges	(3,541)	3,216
Foreign currency translation adjustment	(1,944)	3,228
Remeasurements of defined benefit plans, net of tax	16,687	3,118
Share of other comprehensive income of entities accounted for using equity method	(292)	(640)
Total other comprehensive income	13,311	5,546
Comprehensive income	84,016	78,958
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	83,118	80,039
Comprehensive income attributable to non-controlling interests	897	(1,080)

## (3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000	576,792	(148,597)	(13,902)	419,292
Changes of items during period					
Deficit disposition		(281,947)	281,947		-
Profit attributable to owners of parent			70,225		70,225
Change of scope of consolidation		1	572		573
Change in ownership interest of parent due to transactions with non-controlling interests		428			428
Increase (decrease) of capital surplus by change of share to consolidated subsidiary		58			58
Purchase of treasury shares				(32)	(32)
Disposal of treasury shares		(1)		2	0
Increase of treasury shares by increasing of consolidated subsidiary				(4)	(4)
Adjustment to retained earnings due to change in US tax rate			759		759
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(281,460)	353,504	(34)	72,009
Balance at end of current period	5,000	295,332	204,906	(13,936)	491,302

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	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 current period	14,474	39	(44,355)	(95,296)	(125,138)	-	13,646	307,801
Changes of items during period								
Deficit disposition								-
Profit attributable to owners of parent								70,225
Change of scope of consolidation								573
Change in ownership interest of parent due to transactions with non-controlling interests								428
Increase (decrease) of capital surplus by change of share to consolidated subsidiary								58
Purchase of treasury shares								(32)
Disposal of treasury shares								0
Increase of treasury shares by increasing of consolidated subsidiary								(4)
Adjustment to retained earnings due to change in US tax rate								759
Net changes of items other than shareholders' equity	2,401	(3,244)	(2,946)	15,965	12,176	106	9,618	21,902
Total changes of items during period	2,401	(3,244)	(2,946)	15,965	12,176	106	9,618	93,912
Balance at end of current period	16,876	(3,205)	(47,302)	(79,330)	(112,961)	106	23,265	401,713

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,000	295,332	204,906	(13,936)	491,302
Changes of items during period					
Dividends of surplus			(21,092)		(21,092)
Profit attributable to owners of parent			74,226		74,226
Change in ownership interest of parent due to transactions with non-controlling interests		(1,512)			(1,512)
Capital increase of consolidated subsidiaries		7			7
Purchase of treasury shares				(85,164)	(85,164)
Disposal of treasury shares		5		6	12
Retirement of treasury shares		(85,107)		85,107	-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(86,607)	53,134	(50)	(33,523)
Balance at end of current period	5,000	208,725	258,040	(13,987)	457,778

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	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 current period	16,876	(3,205)	(47,302)	(79,330)	(112,961)	106	23,265	401,713
Changes of items during period								
Dividends of surplus								(21,092)
Profit attributable to owners of parent								74,226
Change in ownership interest of parent due to transactions with non-controlling interests								(1,512)
Capital increase of consolidated subsidiaries								7
Purchase of treasury shares								(85,164)
Disposal of treasury shares								12
Retirement of treasury shares								-
Net changes of items other than shareholders' equity	(3,344)	2,985	3,051	3,122	5,813	128	(1,660)	4,281
Total changes of items during period	(3,344)	2,985	3,051	3,122	5,813	128	(1,660)	(29,241)
Balance at end of current period	13,531	(220)	(44,251)	(76,208)	(107,148)	235	21,605	372,471

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
<b><u>Cash flows from operating activities</u></b>		
Profit before income taxes	89,416	75,587
Depreciation	76,116	78,849
Interest and dividend income	(3,787)	(4,110)
Interest expenses	4,801	4,376
Share of loss (profit) of entities accounted for using equity method	(176)	9,381
Loss (gain) on sales and retirement of non-current assets	(1,128)	(9,438)
Loss (gain) on sales of investment securities	(793)	-
Gain on bargain purchase	(856)	(3,936)
Gain on change in equity	(825)	(180)
Impairment loss	1,943	6,304
Loss (gain) on valuation of investment securities	-	10
Restructuring charges	-	355
Loss (gain) on liquidation of subsidiaries and associates	-	307
Loss (gain) on step acquisitions	1,565	-
Decrease (increase) in notes and accounts receivable - trade	(85,373)	(37,248)
Decrease (increase) in accounts receivable - other	(9,013)	17,166
Decrease (increase) in inventories	4,802	1,795
Increase (decrease) in notes and accounts payable - trade	61,090	(47,024)
Increase (decrease) in accrued expenses	(8,902)	(19,326)
Increase (decrease) in advances received	(3)	11,180
Increase (decrease) in valuation reserve for inventory purchase commitments	(27,248)	(4,245)
Other, net	20,978	10,283
Subtotal	122,602	90,079
Interest and dividend income received	4,088	8,782
Interest expenses paid	(5,873)	(4,382)
Income taxes (paid) refund	(15,547)	(15,436)
<b>Net cash provided by (used in) operating activities</b>	<b>105,270</b>	<b>79,043</b>
<b><u>Cash flows from investing activities</u></b>		
Payments into time deposits	(39,052)	(79,470)
Proceeds from withdrawal of time deposits	48,165	59,377
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,356)	(3,393)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	6,311	13,455
Purchase of property, plant and equipment	(102,063)	(126,259)
Purchase of intangible assets	(14,565)	(16,589)
Purchase of investment securities	(28,912)	(36,664)
Proceeds from sales of property, plant and equipment	3,289	20,764
Other, net	7,177	1,192
<b>Net cash provided by (used in) investing activities</b>	<b>(126,006)</b>	<b>(167,587)</b>

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(39,240)	20,547
Proceeds from long-term loans payable	35,001	32,695
Repayments of long-term loans payable	(20,160)	(21,189)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(402)	(5,422)
Redemption of bonds	-	(10,000)
Purchase of treasury shares	(32)	(85,164)
Cash dividends paid	-	(21,076)
Proceeds from share issuance to non-controlling shareholders	-	2,255
Other, net	(4,299)	(1,162)
<b>Net cash provided by (used in) financing activities</b>	<b>(29,133)</b>	<b>(88,517)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>852</b>	<b>482</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(49,017)</b>	<b>(176,577)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>453,477</b>	<b>404,001</b>
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	<b>(458)</b>	<b>1,374</b>
<b>Cash and cash equivalents at end of period</b>	<b>404,001</b>	<b>228,798</b>

(5) Notes to Consolidated Financial Statement

(Material Events Related to the Going Concern Assumption)

No applicable matters to report.

(Changes in Accounting Policies)

Beginning with the current consolidated fiscal year, foreign consolidated subsidiaries, etc, except those in the United States adopted IFRS 15 (*Revenue from Contracts with Customers*).

The application of this accounting standard does not have a material impact on the consolidated financial statements of Sharp.

(Segment Information)

1. Outline of reportable segments

Sharp 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.

On May 26, 2017, the Sharp published a medium-term management plan for fiscal years 2017 through 2019. The goal of this plan is to prepare for the next 100 years of sustained growth beginning heading into fiscal 2020. Our strategy calls for three transformations (Reinvent Business Model, Expand Business Globally, and Strengthen Business Infrastructure) by which we intend to grow our business, achieving *People-Oriented IoT* and an *8K Ecosystem*.

To accomplish our overall goals, Sharp defined four business domains: (1) Smart Homes, (2) Smart Business Solutions, (3) IoT Electronics Devices, and (4) Advance Display Systems. These four domains also represent the reportable business segments of the Sharp Group.



The major products handled in each reportable segment are as follows.

Business Classification	Main Products
Smart Homes	Mobile phones, electronic dictionaries, calculators, telephones, network control units, refrigerators, superheated steam ovens, microwave ovens, small cooking appliances, air conditioners, washing machines, vacuum cleaners, air purifiers, electric fans, dehumidifiers, humidifiers, electric heaters, Plasmacluster Ion generators, beauty appliances, solar cells, storage battery, personal computers
Smart Business Solutions	Digital MFPs (multi-function printers), information displays, POS systems, electronic cash registers, commercial projectors, options and consumables, software
IoT Electronics Devices	Camera modules, camera module production facilities, sensor modules, proximity sensors, dust sensors, wafer foundries, CCD/CMOS sensors, laser diodes, automotive cameras, FA equipment, ultrasonic cleaners
Advance Display Systems	LCD color televisions, Blu-ray Disc recorders, audio equipment, display modules

In the consolidated second quarter of the fiscal year ended March 2019, Sharp reclassified reportable segment with reorganization. Subsequent to this reclassification, advanced equipment that had been included under Smart Business Solutions are now under IoT Electronics Devices.

Segment information for the prior consolidated fiscal year has been reclassified to reflect the four new segment categories.

## 2. Measurement of sales and income (loss) by reportable segment

The accounting policies for the reportable segments are basically the same as the policies for the consolidated financial statements. Intersegment sales and income (loss) are recognized based on the current market price.

### 3. Segment Information

#### 1. Year Ended March 31, 2018

##### i . Information regarding sales and income (loss) by reportable segment

Millions of Yen

Net Sales	
Smart Homes	
Customers	595,132
Intersegment	12,858
Total	607,990
Smart Business Solutions	
Customers	318,074
Intersegment	9
Total	318,084
IoT Electronics Devices	
Customers	462,297
Intersegment	42,269
Total	504,566
Advance Display Systems	
Customers	1,051,767
Intersegment	34,802
Total	1,086,570
Adjustments	( 89,940 )
The amount presented in Consolidated Statements of Income	2,427,271
Segment Income	
Smart Homes	43,723
Smart Business Solutions	21,969
IoT Electronics Devices	3,332
Advance Display Systems	37,041
Adjustments <sup>*1</sup>	( 15,942 )
The amount presented in Consolidated Statements of Income <sup>*2</sup>	90,125

Notes: 1. Adjustments of segment income of (15,942) million yen include elimination of intersegment transactions of 61 million yen and corporate expenses not allocated to each reportable segment of (13,709) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

2. Year Ended March 31, 2019

i . Information regarding sales and income (loss) by reportable segment

Millions of Yen

Net Sales	
Smart Homes	
Customers	681,330
Intersegment	15,606
Total	696,936
Smart Business Solutions	
Customers	319,215
Intersegment	1,188
Total	320,403
IoT Electronics Devices	
Customers	441,231
Intersegment	57,862
Total	499,094
Advance Display Systems	
Customers	958,295
Intersegment	1,394
Total	959,689
Adjustments	( 76,051 )
The amount presented in Consolidated Statements of Income	2,400,072
Segment Income	
Smart Homes	48,018
Smart Business Solutions	21,699
IoT Electronics Devices	2,894
Advance Display Systems	27,066
Adjustments <sup>*1</sup>	( 15,538 )
The amount presented in Consolidated Statements of Income <sup>*2</sup>	84,140

Notes: 1. Adjustments of segment income of (15,538) million yen include elimination of intersegment transactions of (11) million yen and corporate expenses not allocated to each reportable segment of (16,225) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

## (Per Share Information)

Yen

	Year Ended March 31, 2018	Year Ended March 31, 2019
Net assets per share	267.48	392.56
Net income (loss) per share	106.07	116.80
Fully diluted net income per share	85.60	91.69

## Notes:

1. Net income per share and fully diluted net income per share were calculated on the following basis.

	Year Ended March 31, 2018	Year Ended March 31, 2019
Net income per share		
Profit attributable to owners of parent (millions of yen)	70,225	74,226
Amounts not allocated to common shares (millions of yen)	5,430	2,877
Priority dividend amount (millions of yen)	5,430	2,877
Profit attributable to owners of parent (millions of yen)	64,795	71,348
Average number of common shares outstanding during each year (thousands of shares)	610,891	610,882
Common shares (thousands of shares)	497,255	520,854
Shares equivalent to common shares (thousands of shares)	113,636	90,028
Fully diluted net income per share		
Adjustment to profit attributable to owners of parent (millions of yen)	5,430	2,877
Priority dividend amount (millions of yen)	5,430	2,877
Increase in number of common shares (thousands of shares)	209,513	198,689
Common shares (thousands of shares)	209,511	198,689
Share acquisition rights as a stock option (thousands of shares)	1	-
Residual securities which do not dilute net income per share	811 share options resolved by the board of directors on April 19, 2017 (First Share Options)	781 share options resolved by the board of directors on April 19, 2017 (First Share Options) 421 share options resolved by the board of directors on September 26, 2017 (Second Share Options) 1,025 share options resolved by the board of directors on August 28, 2018 (Third Share Options)

2. Dividend priority of Class C shares is equal to common shares. Sharp recognizes the common share equivalent number as share equivalent to common shares

3. Sharp carried out a share consolidation of common shares as well as Class C shares at a ratio of 10 shares to 1 share on October 1, 2017. The figures for the net income per share and the fully diluted net income per share are calculated on the assumption that Sharp conducts this consolidation on the beginning of the previous fiscal year.

4. Sharp acquired and cancelled 92,000 of 200,000 Class A Shares on January 30, 2019. The figures for the net income per share and the fully diluted net income per share are calculated by considering the impact of this transaction.

## (Significant Subsequent Events)

None