

Consolidated Financial Results for the Year Ended March 31, 2022

May 11, 2022

SHARP CORPORATION

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

General Meeting of Shareholders: June 23, 2022

Scheduled dividend payment date: June 8, 2022

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, 2022

(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, 2022	2,495,588	+2.9%	84,716	+1.9%	114,964	+82.0%
Year Ended March 31, 2021	2,425,910	+7.2%	83,112	+61.5%	63,175	+25.9%

	Profit Attributable to Owners of Parent	Percent Change	Income per Share (Yen)	Fully Diluted Income per Share (Yen)
Year Ended March 31, 2022	73,991	+38.9%	121.14	-
Year Ended March 31, 2021	53,263	+288.0%	87.20	-

[Reference] Comprehensive income: March 31, 2022 ; 123,752 million yen +17.8%
 March 31, 2021 ; 105,060 million yen +261.9%

Note: Fully diluted income per share is not provided. Although Sharp has dilutive shares, the shares in question have no dilutive effect.

	Income to Equity	Ordinary Profit to Total Assets	Operating Profit to Net Sales
Year Ended March 31, 2022	18.4%	5.9%	3.4%
Year Ended March 31, 2021	17.6%	3.4%	3.4%

[Reference] Share of profit (loss) of entities accounted for using equity method: March 31, 2022 ; 3,630 million yen
 March 31, 2021 ; (16,703) million yen

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2022	1,956,288	469,269	23.2%	743.70
As of March 31, 2021	1,927,226	364,139	18.2%	573.59

[Reference] Equity: March 31, 2022 ; 454,268 million yen
 March 31, 2021 ; 350,348 million yen

(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, 2022	75,157	(31,448)	(124,291)	239,359
Year Ended March 31, 2021	204,642	(14,114)	(76,724)	292,792

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, 2021	-	0.00	-	30.00	30.00	18,324	34.4%	6.0%
Year Ended March 31, 2022	-	0.00	-	40.00	40.00	24,432	33.0%	6.1%
Year Ending March 31, 2023 (Forecast)	-	-	-	-	-		-	

Note: The amount of dividend per share for the year ending March 31, 2023, has not been decided at the time of announcement.

3. Forecast of Financial Results for the Year Ending March 31, 2023

We plan to disclose our forecast of financial results for the year ending March 31, 2023 approximately one month from now, as we are reexamining our business plans, etc., under a new management structure and in light of the impact of the lockdowns in China, situation in Ukraine, etc.

4. Other Information

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

Newly added : 1 company

Xia Yan Technology (ShanDong) Co., Ltd.

Excluded : 1 company

Lianyungang Kantatsu Fine Technology Co., Ltd.

(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: Yes

4. Restatement: None

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of March 31, 2022 ; 611,952,858 shares
as of March 31, 2021 ; 611,952,858 shares

2. Number of shares of treasury stock as of March 31, 2022 ; 1,131,071 shares
as of March 31, 2021 ; 1,151,858 shares

3. Average number of shares outstanding during the year ended March 31, 2022 ; 610,799,739 shares
during the year ended March 31, 2021 ; 543,533,714 shares

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.

3. As stated in 3. Forecast of Financial Results for the Year Ending March 31, 2023, we have not yet established financial results forecasts.

4. Sharp will hold a financial results meeting on May 11, 2022. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.

5. 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.

1. Qualitative Information: Fiscal 2021 Financial Results

(1) Qualitative Information regarding Consolidated Financial Results

i. Financial results for fiscal 2021

The global economy showed signs of recovery during the consolidated fiscal year under review. However, challenging conditions continued with COVID-19 and other factors including supply chain disruptions and rising costs for semiconductors, raw materials, and logistics.

Under these circumstances, Sharp is focusing on three initiatives in the interest of establishing SHARP as a powerful corporate brand: (1) Building a business promotion system centered on brand businesses; (2) Realization of our business vision; and (3) Return to corporate bond markets.

Consolidated net sales for fiscal 2021 amounted to 2,495.5 billion yen, up 2.9% year on year, as the 8K Ecosystem and Display Device businesses recorded sales growth, even as the Smart Life, ICT, and Electronic Device businesses experienced a decline in sales. Operating profit amounted to 84.7 billion yen (1.9% increase) due to higher 8K Ecosystem and Display Device performance, despite operating profit decreased year on year in Smart Life, ICT, and Electronic Device businesses. Ordinary profit was 114.9 billion yen (82.0% increase), and profit attributable to owners of parent amounted to 73.9 billion yen (38.9% increase). Despite a challenging business environment, both net sales and profit exceeded the previous fiscal year. Notably, ordinary profit and profit attributable to owners of parent grew significantly compared to the prior fiscal year.

The sales performance of each business segment in fiscal 2021 was as follows. Segment sales include inter-segment sales and transfers.

<Brand Businesses>

1. Smart Life

Our Smart Life segment recorded sales of 446.1 billion yen, down 2.1% year on year. Besides higher performance in the energy solutions business, our white goods business posted higher sales of cooking appliances and washing machines. However, Plasmacluster product sales decreased year on year.

2. 8K Ecosystem

8K Ecosystem sales for the year amounted to 567.6 billion yen, up 15.1% year on year. In addition to an increase in TV sales, the multi-function printer business and other smart work solutions businesses posted higher sales. We also benefited from the consolidation of Sharp NEC Display Solutions, Ltd. as a subsidiary.

3. ICT

The ICT segment recorded sales of 324.0 billion yen, down 5.7% year on year. Here, sales declined in the mobile communications and PC businesses.

< Device Businesses >

4. Display Device

Display Device sales amounted to 859.6 billion yen, up 5.8% compared to the prior fiscal year. Although sales of small-size panels for smartphones declined, sales of medium-size panels for automotive, PC, and tablet applications increased.

5. Electronic Device

Electronic Device sales amounted to 396.8 billion yen, a decrease of 7.4% compared to the prior fiscal year. Production in the business was impacted negatively by COVID-19.

ii. Analysis of financial position

Total assets as of the consolidated fiscal year end amounted to 1,956.2 billion yen, up 29.0 billion yen compared to the prior fiscal year end. This result was mainly due to an increase in notes and accounts receivable - trade and contract assets, and inventories, while cash and deposits decreased due to repayment of short-term borrowings. Total liabilities amounted to 1,487.0 billion yen, down 76.0 billion yen compared to the prior fiscal year end. This result was mainly due to repayments of short-term borrowings, offset in part by an increase in notes and accounts payable - trade. Net assets amounted to 469.2 billion yen (105.1 billion yen increase), despite dividend payments, mainly due to the recording of profit attributable to owners of parent.

Cash and cash equivalents as of the end of the consolidated fiscal year amounted to 239.3 billion yen, down 53.4 billion yen compared to the prior fiscal year end. Net cash provided by operating activities was 75.1 billion yen, net cash used in investing activities was 31.4 billion yen, and net cash used in financing activities was 124.2 billion yen.

(2) Future outlook

We plan to disclose our forecast of financial results for the year ending March 31, 2023 approximately one month from now, as we are reexamining our business plans, etc., under a new management structure and in light of the impact of the lockdowns in China, situation in Ukraine, 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, 2021	As of March 31, 2022
<u>Assets</u>		
Current assets		
Cash and deposits	341,917	287,361
Notes and accounts receivable - trade	457,649	-
Notes and accounts receivable - trade, and contract assets	-	487,160
Inventories	263,066	310,283
Other	130,098	148,165
Allowance for doubtful accounts	(3,961)	(2,342)
Total current assets	1,188,770	1,230,628
Non-current assets		
Property, plant and equipment		
Buildings and structures	675,865	689,458
Machinery, equipment and vehicles	1,162,607	1,191,042
Tools, furniture and fixtures	190,705	177,359
Land	83,600	83,711
Construction in progress	31,822	18,395
Other	48,726	48,109
Accumulated depreciation	(1,754,840)	(1,789,815)
Total property, plant and equipment	438,486	418,260
Intangible assets		
Software	26,557	25,954
Other	18,557	16,330
Total intangible assets	45,114	42,285
Investments and other assets		
Investment securities	164,181	171,392
Retirement benefit asset	5,584	10,293
Deferred tax assets	19,053	22,391
Other	67,404	63,595
Allowance for doubtful accounts	(1,368)	(2,559)
Total investments and other assets	254,855	265,114
Total non-current assets	738,456	725,660
Total assets	1,927,226	1,956,288
<u>Liabilities</u>		
Current liabilities		
Notes and accounts payable - trade	361,825	379,394
Electronically recorded obligations - operating	34,597	42,980
Short-term borrowings	163,028	54,300
Accrued expenses	105,282	106,398
Provision for bonuses	18,573	18,506
Provision for product warranties	18,897	19,750
Provision for loss on litigation	642	12,288
Provision for sales promotion expenses	8,433	9,586
Provisions for restructuring	670	174
Other	173,632	164,817
Total current liabilities	885,582	808,198
Non-current liabilities		
Long-term borrowings	561,893	572,270
Retirement benefit liability	83,558	73,630
Other	32,053	32,919
Total non-current liabilities	677,505	678,820
Total liabilities	1,563,087	1,487,018

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	109,126	108,623
Retained earnings	289,551	345,218
Treasury shares	(14,053)	(13,747)
Total shareholders' equity	389,624	445,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,617	20,169
Deferred gains or losses on hedges	1,086	1,835
Foreign currency translation adjustment	(39,362)	(9,085)
Remeasurements of defined benefit plans	(17,617)	(3,745)
Total accumulated other comprehensive income	(39,275)	9,173
Share acquisition rights	297	304
Non-controlling interests	13,493	14,696
Total net assets	364,139	469,269
Total liabilities and net assets	1,927,226	1,956,288

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

- Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	2,425,910	2,495,588
Cost of sales	2,004,593	2,063,864
Gross profit	421,316	431,723
Selling, general and administrative expenses	338,204	347,006
Operating profit	83,112	84,716
Non-operating income		
Interest income	2,818	2,583
Dividend income	1,240	1,543
Rental income from non-current assets	3,500	3,465
Foreign exchange gains	5,546	18,947
Share of profit of entities accounted for using equity method	-	3,630
Investment income	-	9,263
Other	9,483	10,605
Total non-operating income	22,590	50,038
Non-operating expenses		
Interest expenses	5,511	4,448
Rental expenses on non-current assets	2,360	2,323
Share of loss of entities accounted for using equity method	16,703	-
Inactive assets expenses	4,139	5,199
Investment expenses	4,879	-
Other	8,932	7,818
Total non-operating expenses	42,527	19,790
Ordinary profit	63,175	114,964
Extraordinary income		
Gain on sale of non-current assets	5,630	5,124
Gain on sale of investment securities	14	631
Gain on bargain purchase	-	182
Gain on liquidation of subsidiaries and associates	27	-
Gain on receipt of donated non-current assets	6,675	1,329
Gain on sale of businesses	-	5,725
Gain on reversal of share acquisition rights	10	-
Total extraordinary income	12,357	12,993
Extraordinary losses		
Loss on sale and retirement of non-current assets	638	588
Impairment losses	6,417	22,703
Loss on valuation of investment securities	2,035	77
Loss on sale of investment securities	-	7
Loss on sale of shares of subsidiaries and associates	-	268
Settlement payments	-	2,763
Provision for loss on litigation	-	11,747
Total extraordinary losses	9,090	38,156
Profit before income taxes	66,442	89,802
Income taxes - current	14,657	17,230
Income taxes - deferred	(442)	(1,184)
Total income taxes	14,215	16,045
Profit	52,227	73,756
Loss attributable to non-controlling interests	(1,036)	(234)
Profit attributable to owners of parent	53,263	73,991

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	52,227	73,756
Other comprehensive income		
Valuation difference on available-for-sale securities	8,563	3,546
Deferred gains or losses on hedges	269	675
Foreign currency translation adjustment	16,466	29,409
Remeasurements of defined benefit plans, net of tax	26,010	13,996
Share of other comprehensive income of entities accounted for using equity method	1,523	2,368
Total other comprehensive income	52,832	49,996
Comprehensive income	105,060	123,752
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	104,858	122,440
Comprehensive income attributable to non-controlling interests	202	1,312

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	108,853	247,283	(13,993)	347,143
Changes during period					
Dividends of surplus			(10,995)		(10,995)
Profit attributable to owners of parent			53,263		53,263
Change in ownership interest of parent due to transactions with non-controlling interests		286			286
Purchase of treasury shares				(75)	(75)
Disposal of treasury shares		(13)		15	2
Net changes in items other than shareholders' equity					
Total changes during period	-	272	42,268	(60)	42,480
Balance at end of current period	5,000	109,126	289,551	(14,053)	389,624

	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 period	8,048	846	(56,118)	(43,646)	(90,870)	293	14,392	270,959
Changes during period								
Dividends of surplus								(10,995)
Profit attributable to owners of parent								53,263
Change in ownership interest of parent due to transactions with non-controlling interests								286
Purchase of treasury shares								(75)
Disposal of treasury shares								2
Net changes in items other than shareholders' equity	8,569	240	16,756	26,028	51,594	3	(898)	50,699
Total changes during period	8,569	240	16,756	26,028	51,594	3	(898)	93,180
Balance at end of period	16,617	1,086	(39,362)	(17,617)	(39,275)	297	13,493	364,139

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	109,126	289,551	(14,053)	389,624
Changes during period					
Dividends of surplus			(18,324)		(18,324)
Profit attributable to owners of parent			73,991		73,991
Change in ownership interest of parent due to transactions with non-controlling interests		(216)			(216)
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		(286)		314	28
Net changes in items other than shareholders' equity					
Total changes during period	-	(503)	55,667	306	55,470
Balance at end of period	5,000	108,623	345,218	(13,747)	445,094

	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 period	16,617	1,086	(39,362)	(17,617)	(39,275)	297	13,493	364,139
Changes during period								
Dividends of surplus								(18,324)
Profit attributable to owners of parent								73,991
Change in ownership interest of parent due to transactions with non-controlling interests								(216)
Purchase of treasury shares								(8)
Disposal of treasury shares								28
Net changes in items other than shareholders' equity	3,551	748	30,277	13,872	48,449	7	1,202	49,659
Total changes during period	3,551	748	30,277	13,872	48,449	7	1,202	105,129
Balance at end of period	20,169	1,835	(9,085)	(3,745)	9,173	304	14,696	469,269

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<u>Cash flows from operating activities</u>		
Profit before income taxes	66,442	89,802
Depreciation	71,942	72,397
Interest and dividend income	(4,059)	(4,126)
Interest expenses	5,511	4,448
Share of loss (profit) of entities accounted for using equity method	16,703	(3,630)
Investment expenses	4,879	(9,263)
Loss (gain) on sale and retirement of non-current assets	(4,991)	(4,535)
Gain on receipt of donated non-current assets	(6,675)	(1,329)
Loss (gain) on sale of investment securities	(14)	(623)
Loss (gain) on valuation of investment securities	2,035	77
Loss (gain) on sale of shares of subsidiaries and associates	-	268
Gain on bargain purchase	-	(182)
Impairment losses	6,417	22,703
Loss (gain) on sale of businesses	-	(5,725)
Settlement payments	-	2,763
Provision for loss on litigation	-	11,747
Decrease (increase) in trade receivables	(8,781)	-
Decrease (increase) in notes and accounts receivable - trade and contract assets	-	(6,873)
Decrease (increase) in accounts receivable - other	4,360	(5,362)
Decrease (increase) in inventories	53,266	(21,466)
Increase (decrease) in trade payables	8,511	6,100
Increase (decrease) in accrued expenses	6,698	(2,590)
Increase (decrease) in valuation reserve for inventory purchase commitments	(17,133)	-
Other, net	2,520	(42,819)
Subtotal	207,633	101,778
Interest and dividends received	8,232	8,001
Interest paid	(5,401)	(4,453)
Income taxes refund (paid)	(5,820)	(27,425)
Settlement paid	-	(2,742)
Net cash provided by (used in) operating activities	204,642	75,157
<u>Cash flows from investing activities</u>		
Payments into time deposits	(118,384)	(133,685)
Proceeds from withdrawal of time deposits	124,561	135,143
Purchase of property, plant and equipment	(35,656)	(47,590)
Proceeds from sale of property, plant and equipment	10,518	9,216
Purchase of intangible assets	(15,726)	(15,483)
Purchase of investment securities	(8,063)	(10,003)
Proceeds from sale of investment securities	27	2,440
Proceeds from sale of businesses	-	4,267
Other, net	28,608	24,246
Net cash provided by (used in) investing activities	(14,114)	(31,448)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<u>Cash flows from financing activities</u>		
Net increase (decrease) in short-term borrowings	(89,398)	(102,493)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(6,875)	(216)
Dividends paid	(10,980)	(18,312)
Other, net	30,530	(3,268)
Net cash provided by (used in) financing activities	(76,724)	(124,291)
Effect of exchange rate change on cash and cash equivalents	8,665	27,148
Net increase (decrease) in cash and cash equivalents	122,469	(53,433)
Cash and cash equivalents at beginning of period	170,323	292,792
Cash and cash equivalents at end of period	292,792	239,359

(5) Notes to Consolidated Quarterly Financial Statements

(Notes Related to Going Concern Assumption)

No applicable matters to report.

(Changes in Accounting Policies)

1. Adoption of revenue recognition and other accounting standards

At the beginning of the current consolidated fiscal year, we adopted Accounting Standard for Revenue Recognition (ASBJ Statement No.29, March 31, 2020)(“Revenue Recognition Standard,” below) and other standards. With the adoption of these standards, the company now recognizes revenue when the control of promised goods or services is transferred to the customer in the amount expected to be received in exchange for said goods or services.

In the past, the company recognized the extinguishment of inventory assets for work-in-process and other inventory assets supplied to subcontractors for a fee, recording accounts receivable-other from the entity supplied. However, as the company is obligated to buy back processed products from the entity supplied, the company does not recognize the extinguishment of inventory assets. The company also records liabilities related to subcontract manufacturing for the obligation to buy back.

In adopting the change in question, the company follows the transitional treatment as prescribed in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of applying the new accounting policy retrospectively for periods prior to the beginning of the current consolidated fiscal year has been added to or deducted from retained earnings at the beginning of the current consolidated fiscal year, and the new accounting policy has been applied beginning with the relevant beginning balance. The company has applied the method prescribed in Paragraph 86 of the Revenue Recognition Standard and has not applied the new accounting policy retrospectively to contracts in which essentially all revenue amounts were recognized in accordance with the previous treatment prior to the beginning of the current consolidated fiscal year.

As a result, the impact of this change on consolidated earnings for the current consolidated fiscal year is minimal. In connection with the adoption of this accounting standard, the company recorded an increase in inventories of 12,151 million yen, a decrease in other current assets of 8,628 million yen, and an increase in other current liabilities of 3,522 million yen as of the end of the current consolidated fiscal year. There is no impact on the beginning balance of retained earnings.

As a result of the application of the Revenue Recognition Standard, *notes and accounts receivable - trade* presented under *current assets* in the consolidated balance sheet of the previous fiscal year is now included under *notes and accounts receivable - trade and contract assets* beginning with the current consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Revenue Recognition Standard, no reclassification has been made for the previous fiscal year using the new presentation method.

2. Adoption of fair value measurement accounting standard and other standards

We adopted Accounting Standard for Fair Value Measurement (ASBJ Statement No.30, July 4, 2019) (“Fair Value Measurement Standard,” below) and other standards as of the beginning of the current consolidated fiscal year. In accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), we will apply the new accounting policy provided in Fair Value Measurement Standard prospectively. As a result, publicly listed shares included in available-for-sale securities will be stated at fair value based on the market price as of the end of the quarter, effective as of

the current consolidated fiscal year. In the past, the company had recorded these shares stated at fair value based on the average market price one month prior to the end of the quarter.

(Change in Accounting Estimates)

Sharp and certain domestic consolidated subsidiaries had been using a period of 10 years as the average employee remaining years of service over which to amortize actuarial differences for net defined benefit liabilities and prior service costs. However, due to a decrease in average employee remaining years of service, Sharp has used 9 years as the amortization period beginning with the current consolidated fiscal year.

As a result, operating profit, ordinary profit, and profit before income taxes have each decreased 4,099 million yen for the current consolidated fiscal year under the new amortization period of 9 years compared to the prior amortization period of 10 years.

(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.

Guided by our business vision of *Changing the World with 8K+5G and AIoT*, Sharp is focusing on initiatives in the interest of accelerate the positioning of Sharp as a powerful corporate brand as quickly as possible: (1) Building a business promotion system centered on brand businesses; (2) Realization of our business vision; and (3) Return to corporate bond markets. To achieve these goals, we concentrate on three brand businesses: Smart Life, 8K Ecosystem, and ICT, as well as on the two device businesses of Display Device and Electronic Device, as reportable segments.

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

Reportable Segment	Major Products
Smart Life	Refrigerators, superheated steam ovens, microwave ovens, small cooking appliances, air conditioners, washing machines, vacuum cleaners, air purifiers, electric fans, dehumidifiers, humidifiers, electric heaters, Plasmacluster Ion generators, beauty appliances, electronic dictionaries, calculators, telephones, network control units, solar cells, storage batteries
8K Ecosystem	Color televisions, Blu-ray disc recorders, audio equipment, digital MFPs (multi-function printers), information displays, commercial projectors, POS system equipment, FA equipment, options and consumables, Office-related solutions services, software, face masks
ICT	Mobile phones, PCs, tablet devices, routers
Display Device	Display modules, automotive cameras
Electronic Device	Camera modules, sensor modules, proximity sensors, dust sensors, wafer foundries, CMOS and CCD sensors, laser diodes

In the previous consolidated fiscal year, Sharp classified three reportable business segments (Smart Life, 8K Ecosystem, and ICT). This fiscal year, we have changed to five reportable business segments (Smart Life, 8K Ecosystem, ICT, Display Device, Electronic Device).

Our goal is to accelerate the positioning of Sharp as a powerful corporate brand representing a company closest to people and society, constantly providing new value. We made the

aforementioned changes in line with building a business promotion system centered on brand businesses, as announced in *Direction of Business Management and Initiatives in FY2021*, published May 11, 2021.

As a major change, the devices business, previously included in the Smart Life segment, is now included in the Electronic Device segment under the new classification. In addition, the display device business, previously included in the 8K Ecosystem segment, is now included in the Display Device segment under the new classification.

Segment information for the prior consolidated fiscal year has been reclassified to reflect the 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 appropriate prices determined by negotiation.

As stated in *Change in accounting estimates*, Sharp and certain domestic consolidated subsidiaries had been using a period of 10 years as the average employee remaining years of service over which to amortize actuarial differences for net defined benefit liabilities and prior service costs. However, due to a decrease in average remaining years of service, Sharp is now using 9 years as the amortization period beginning with the current consolidated fiscal year.

As a result, segment profit for the consolidated fiscal year under review decreased 705 million yen in Smart Life, 1,207 million yen in 8K Ecosystem, and 483 million yen in ICT compared to the amounts under the previous accounting method. Display Device, Electronic Device, and Adjustments decreased 975 million yen, 418 million yen, and 308 million yen, respectively.

Segment Information

1. Year Ended March 31, 2021

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

	Millions of Yen
Net Sales	
Smart Life	
Customers	454,510
Intersegment	1,033
Total	455,543
8K Ecosystem	
Customers	484,552
Intersegment	8,517
Total	493,069
ICT	
Customers	341,776
Intersegment	1,701
Total	343,477
Display Device	
Customers	766,537
Intersegment	46,255
Total	812,792
Electronic Device	
Customers	378,534
Intersegment	50,044
Total	428,578
Adjustments	(107,551)
The amount presented in Consolidated Statements of Income	2,425,910
Segment Income	
Smart Life	58,866
8K Ecosystem	15,527
ICT	15,421
Display Device	1,860
Electronic Device	12,692
Adjustments* ¹	(21,256)
The amount presented in Consolidated Statements of Income* ²	83,112

Notes: 1. Adjustments of segment income of (21,256) million yen include elimination of intersegment transactions of 40 million yen and corporate expenses not allocated to each reportable segment of (18,831) 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 profit presented in Consolidated Statements of Income.

2. Year Ended March 31, 2022

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

Millions of Yen

Net Sales	
Smart Life	
Customers	446,039
Intersegment	152
Total	446,192
8K Ecosystem	
Customers	557,945
Intersegment	9,745
Total	567,690
ICT	
Customers	316,807
Intersegment	7,210
Total	324,017
Display Device	
Customers	817,082
Intersegment	42,592
Total	859,674
Electronic Device	
Customers	357,713
Intersegment	39,120
Total	396,834
Adjustments	(98,822)
The amount presented in Consolidated Statements of Income	2,495,588
Segment Income	
Smart Life	48,291
8K Ecosystem	24,966
ICT	4,038
Display Device	20,316
Electronic Device	6,988
Adjustments* ¹	(19,884)
The amount presented in Consolidated Statements of Income* ²	84,716

Notes: 1. Adjustments of segment income of (19,884) million yen include elimination of intersegment transactions of (4) million yen and corporate expenses not allocated to each reportable segment of (17,235) 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 profit presented in Consolidated Statements of Income.

(Per Share Information)

Yen

	Year Ended March 31, 2021	Year Ended March 31, 2022
Net assets per share	573.59	743.70
Income per share	87.20	121.14
Fully diluted income per share	-	-
	Fully diluted income per share for the year ended March 31, 2021, is not provided. Although Sharp has dilutive shares, the shares in question have no dilutive effect.	Fully diluted income per share for the year ended March 31, 2022, is not provided. Although Sharp has dilutive shares, the shares in question have no dilutive effect.

Notes:

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

	Year Ended March 31, 2021	Year Ended March 31, 2022
Income per share		
Profit attributable to owners of parent (millions of yen)	53,263	73,991
Amounts not allocated to common shares (millions of yen)	-	-
Profit attributable to owners of parent allocated to common shares (millions of yen)	53,263	73,991
Average number of common shares outstanding during each year (thousands of shares)	610,833	610,799
Common shares (thousands of shares)	543,533	610,799
Shares equivalent to common shares (thousands of shares)	67,299	-
Residual securities which do not dilute income per share	743 share options resolved by the board of directors on April 19, 2017 (First Share Options) 381 share options resolved by the board of directors on September 26, 2017 (Second Share Options) 875 share options resolved by the board of directors on August 28, 2018 (Third Share Options)	743 share options resolved by the board of directors on April 19, 2017 (First Share Options) 381 share options resolved by the board of directors on September 26, 2017 (Second Share Options) 875 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.

(Significant Subsequent Events)

None