



FY2023 Financial Summary and Medium-term Management Direction

May 14, 2024

Sharp Corporation

1. **FY2023 Financial Summary**
2. **FY2024 Initiatives**
3. **Medium-term Management Direction**

- Net sales ended below previous fiscal year level due to significant decrease in sales in Display Device and Electronic Device
- Operating loss and ordinary loss were recorded due to sluggish results in Display Device but the loss became smaller with improvement in profitability of Brand Business
- 149.9 billion yen bottom-line loss was recorded mainly due to impairment loss related to Display Device

(Billions of Yen)	FY2022	FY2023	
	Fiscal Year	Fiscal Year	Y on Y
Net Sales	2,548.1	2,321.9	-8.9%
Operating Profit (margin)	-25.7 (-1.0%)	-20.3 (-0.9%)	-
Ordinary Profit (margin)	-30.4 (-1.2%)	-7.0 (-0.3%)	-
Extraordinary Income(Losses) [Impairment losses]	-208.5 [-220.5]	-130.4 [-122.3]	-
Bottom-line Profit (margin)	-260.8 (-10.2%)	-149.9 (-6.5%)	-
	End of Mar.	End of Mar.	
Equity Ratio	11.8%	9.0%	
Equity	208.4	142.4	

Operating profit in Brand Business significantly improved

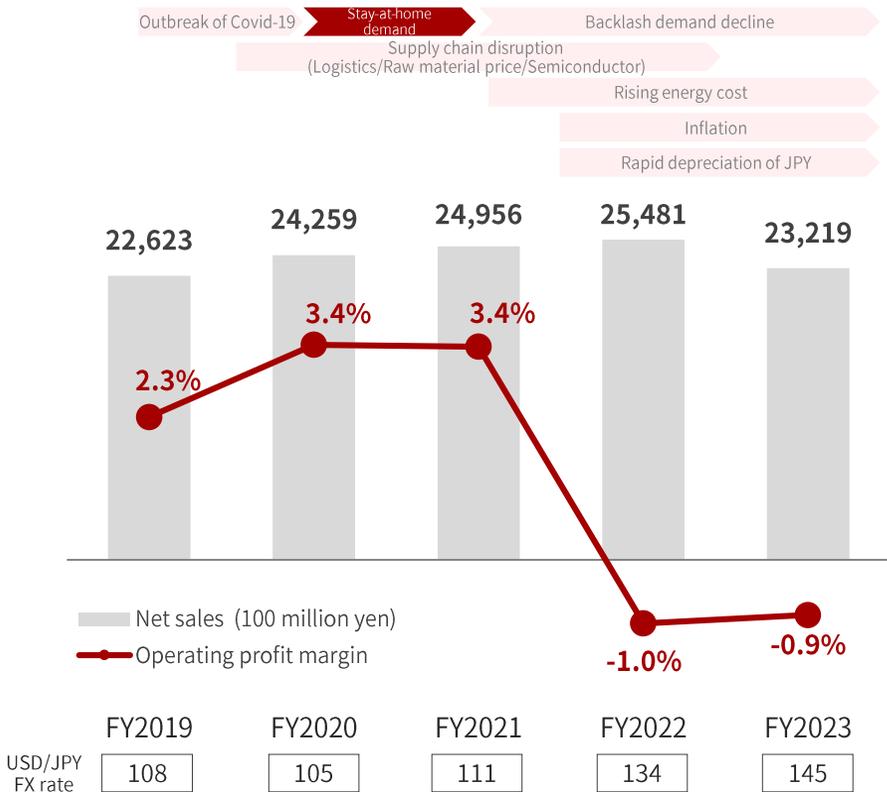
Meanwhile, Device Business recorded large deficit due to deterioration in Display Device

(Billions of Yen)	Sales			Operating Profit		
	FY2022	FY2023		FY2022	FY2023	
	Fiscal Year	Fiscal Year	Y on Y	Fiscal Year	Fiscal Year	Y on Y
Smart Life & Energy	476.8	441.3	-7.4%	29.3 (6.2%)	27.3 (6.2%)	-6.8%
Smart Office	561.7	582.0	+3.6%	14.5 (2.6%)	29.6 (5.1%)	+104.3%
Universal Network	334.1	311.8	-6.7%	-7.8 (-2.3%)	8.8 (2.8%)	-
Brand Businesses	1,372.7	1,335.2	-2.7%	36.1 (2.6%)	65.9 (4.9%)	+82.6%
Display Device	759.9	614.9	-19.1%	-66.4 (-8.7%)	-83.2 (-13.5%)	-
Electronic Device	475.5	416.9	-12.3%	14.7 (3.1%)	13.5 (3.3%)	-8.2%
Device Businesses	1,235.5	1,031.9	-16.5%	-51.6 (-4.2%)	-69.7 (-6.8%)	-
Total(Incl. Adjustments)	2,548.1	2,321.9	-8.9%	-25.7 (-1.0%)	-20.3 (-0.9%)	-

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Breaking out of the negative cycle to establish a sustainable profit structure, while strengthening management control

Performance trend



Summary of the past two years

Achieve-ment (+)

- Despite tough business environment, the brand business has **secured a steady profit**
- Progress has been made in each segment towards **new business development**

Reflec-tion (-)

- **Operating loss in two consecutive terms**
- Mainly due to **delay in corresponding to change** in Display Device
 - ✓ SDP continued to record losses after consolidation
 - ✓ Small- and medium-size LCD business rapidly deteriorated recently

Structural issues

Device business

- **Lack in investment in technology and factories**, that are source of competitive strength
- Thereby **not sufficient progress in developing growth areas** such as new categories/customers, resulting in weak performance.



Brand business

- Despite limited investment, **solid performance** through unique tech-focused business development
- However, **investment for future growth** in expansion, branding, and new areas, falls short

Target operating profit of 10 billion yen / bottom-line profit of 5 billion yen

(Billions of Yen)	FY2023	FY2024	
	Fiscal Year	Fiscal Year Forecast	Y on Y
Net Sales	2,321.9	2,100.0	-9.6%
Operating Profit (margin)	-20.3 (-0.9%)	10.0 (0.5%)	-
Ordinary Profit (margin)	-7.0 (-0.3%)	10.0 (0.5%)	-
Bottom-line Profit (margin)	-149.9 (-6.5%)	5.0 (0.2%)	-
Avg. Exchange Rate			
USD/JPY	144.62	150.00	
Euro/JPY	156.79	160.00	

Improve profit structure in Display Device

Expand business and improve profitability in Brand business

Focused initiatives

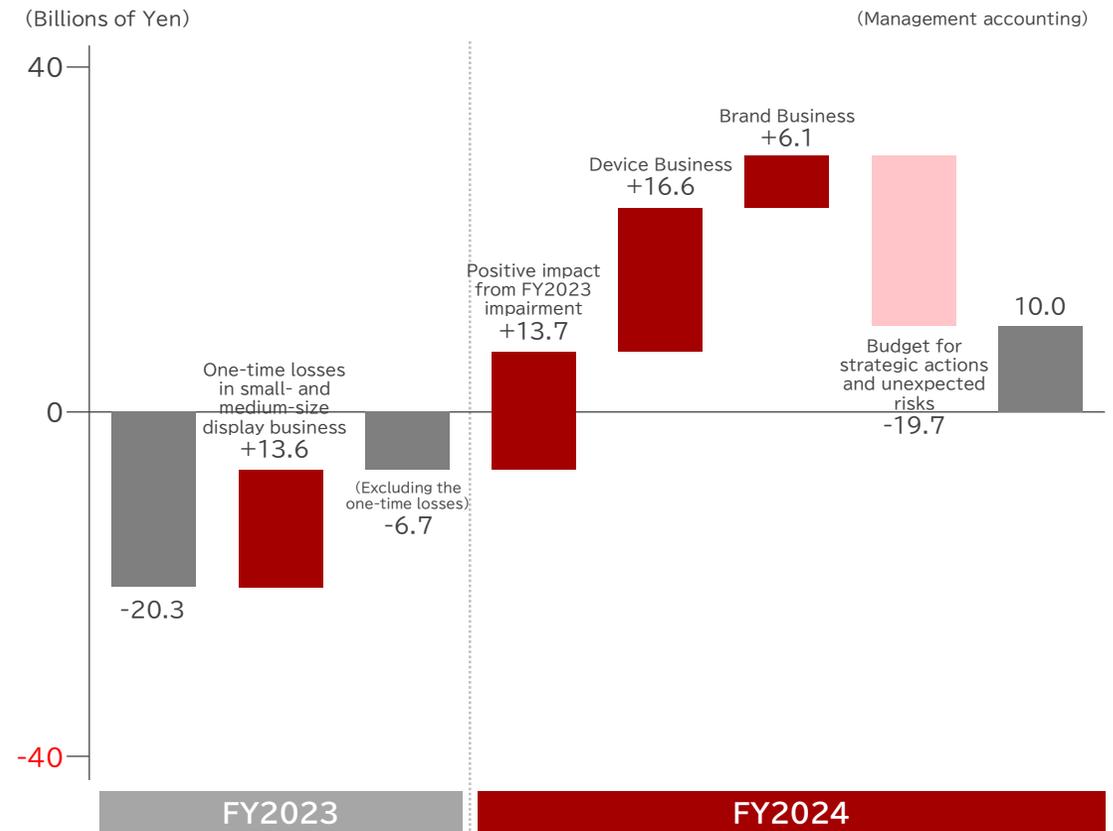
Device Business

- Production stop of large display (SDP) [First half of FY2024]
- Reduce fixed costs in small and medium display business (reduce production capacity, optimize personnel etc.)

Brand Business

- Creation of unique products/new category products
- Strengthening oversea business (Especially ASEAN/Americas)
- Improve low profitability business

Analysis on changes in operating profit

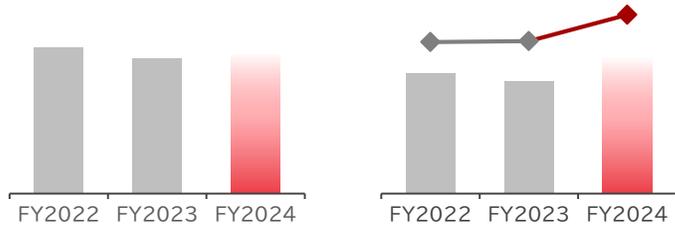


Performance outlook [Graph] Left : Sales Right : OP/ratio

Major initiatives in FY2024



Sales and profit increase



White goods

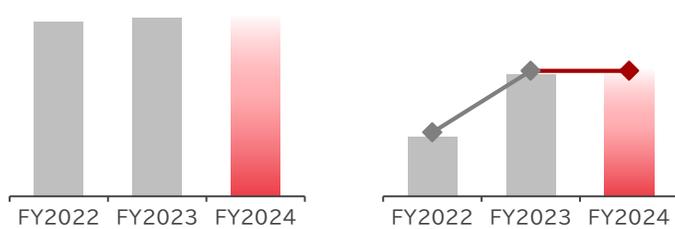
- Gain share in Japan market with featured products
- Reinforce Americas / ASEAN business

Energy solution

- Expand share in domestic residential market by collaborating with power companies etc.
- Sales expansion of V2H



Sales and profit increase



Business solution

- Maintain and expand customer base by strengthening solution service lineup / capability
- Explore new service areas through IT service dealers

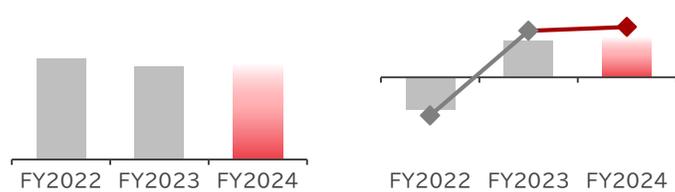
PC

- Expand sales of premium mobile models for B2B
- Expand LCM* service to PC customers

*Life Cycle Management



Sales and profit increase



TV system

- Enforce profitability in Japan market by expanding unique featured products
- Expand overseas business by collaborating with others

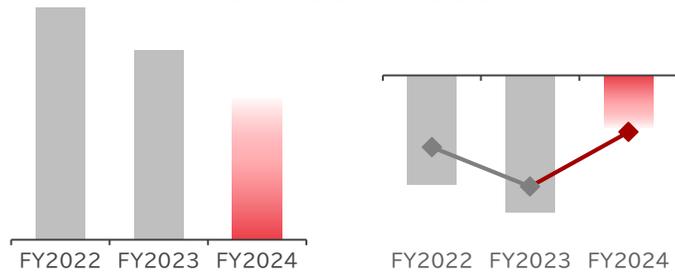
Mobile communication

- Focus on high-end / mid-end handsets in domestic mobile phone business
- Launch XR / payment terminal business

Performance outlook [Graph] Left : Sales Right : OP/ratio



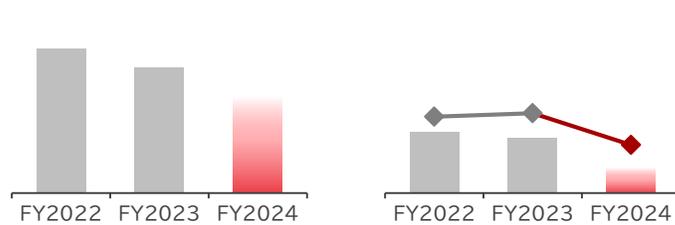
Reduce losses



- **Reduce fixed costs** (reduce production capacity, optimize personnel etc.)
 Reduce Kameyama No.2 plant production capacity (2,000 ⇒ 1,500sheets/day)
 Reduce Mie No.3 plant production capacity (2,280 ⇒ 1,100 sheets/day)
 Close Sakai OLED production line *Shift to development line in the future
- **Expand sales for in-vehicle and VR applications**



Sales and profit decrease



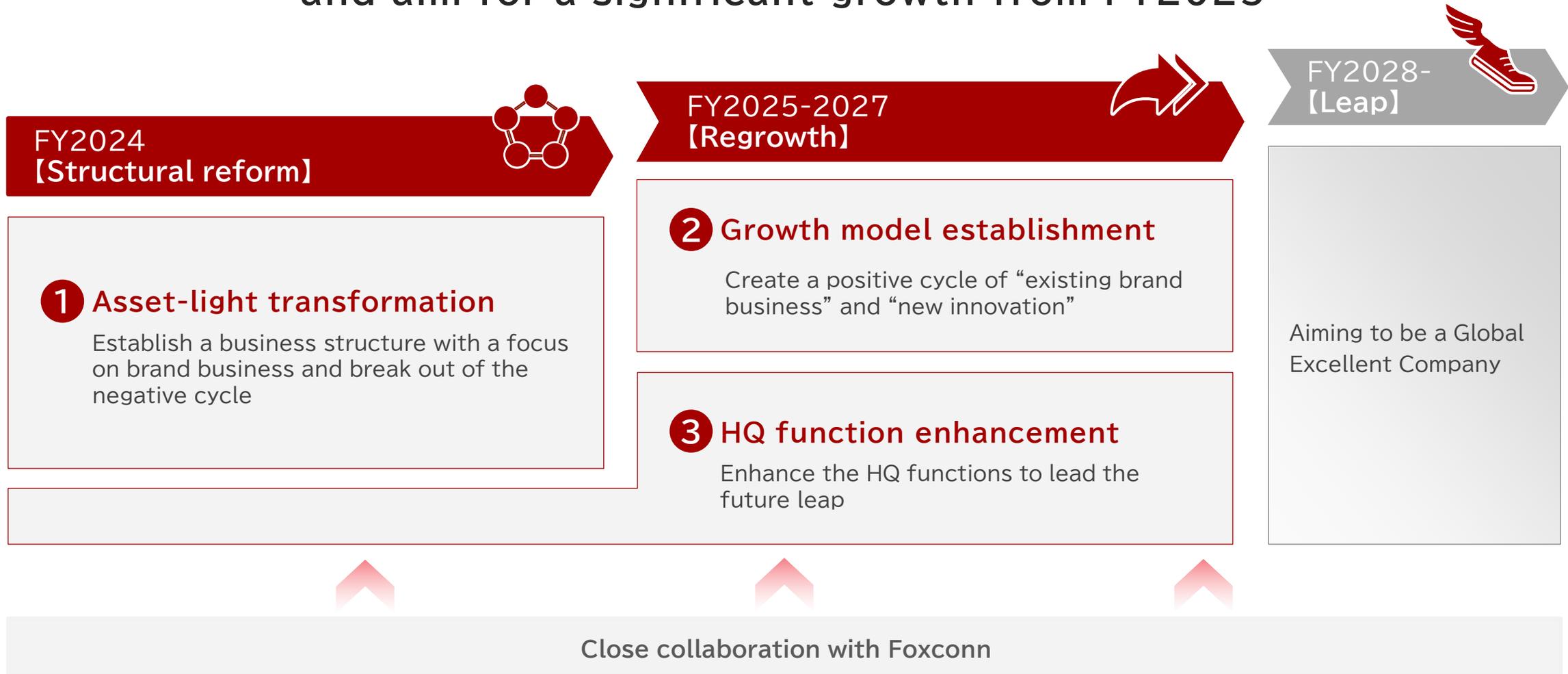
- Improve profit structure of existing businesses
- Accelerate new category development with featured devices



- Expand factory automation device business
- Shift business categories to power device

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Direction**

Establish a business structure with a focus on brand business and aim for a significant growth from FY2025



Business model of Device Business will be shifted to factory optimization and partnership as it requires a large amount of investment to stay competitive

Display Device

Electronic Device



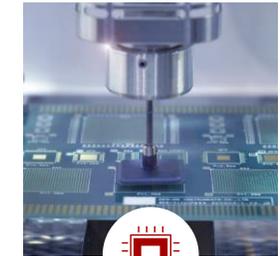
Large display business(SDP)



Small/medium display business



Camera module business



Semiconductor business

Stop productions within this first fiscal half and execute business transformation

Collaborate with others / optimize plants

Promote selling to others for further growth

Create a “Positive cycle” for sustainable growth

New growth model



Next Innovation

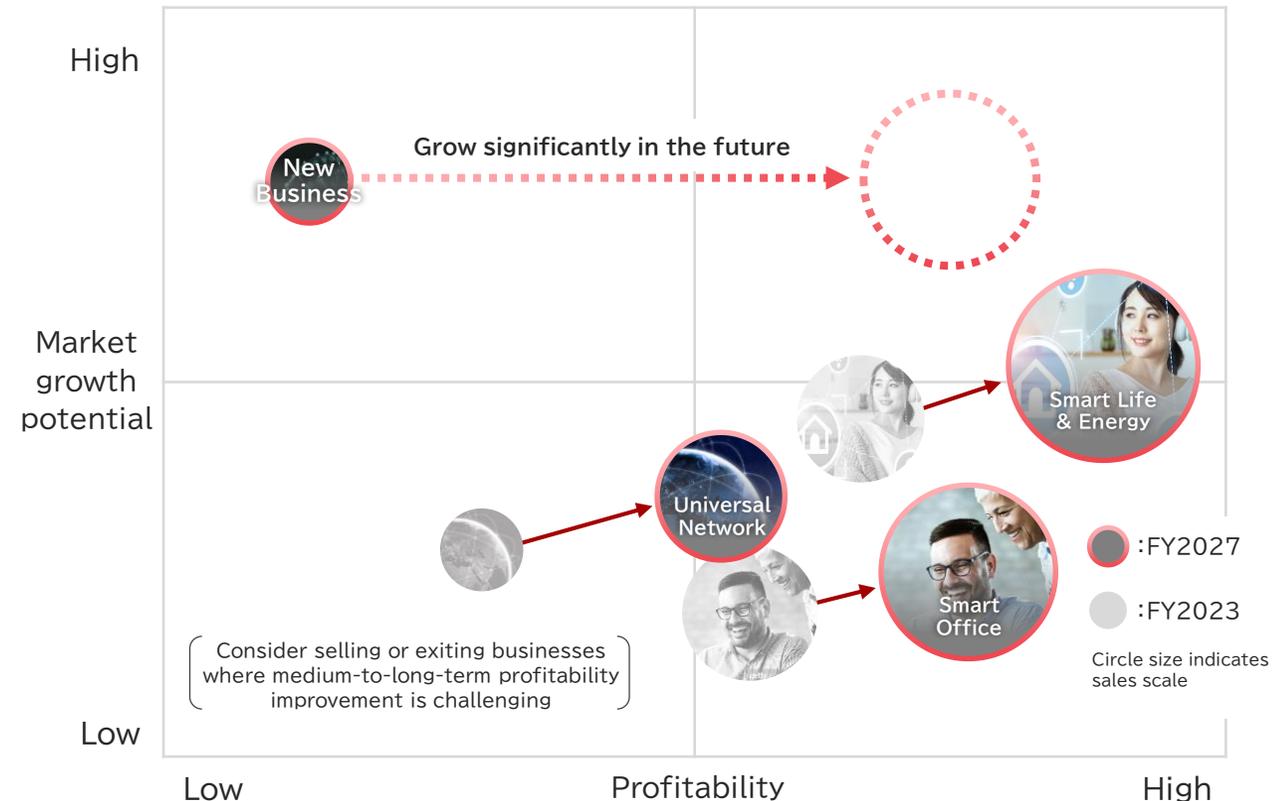
- Invest aggressively in advanced technologies to seize **business opportunities in growth areas**
- **Business growth** and **enhancement of corporate value**
(Enhancing brand strength and talent recruitment capabilities)



Existing Brand Business

- **Expand investment** (Business expansion, branding, R&D etc.)
- Achieve **sales/profit growth** and **shift to growth areas**
- Generate **additional source of investment capital**

Target business portfolio for FY2027 (concept)



Achieve steady profit growth and lay the groundwork for future leaps with aggressive investment

Strengthening existing business

Direction of transformation



- Increase sales of **high-value products** in environmental and health sectors using core technologies
- Develop a **well-defined area strategy**

- Create new customer experiences through **home appliances combined with AI**
- Launch new products targeting the demand for **carbon neutrality**



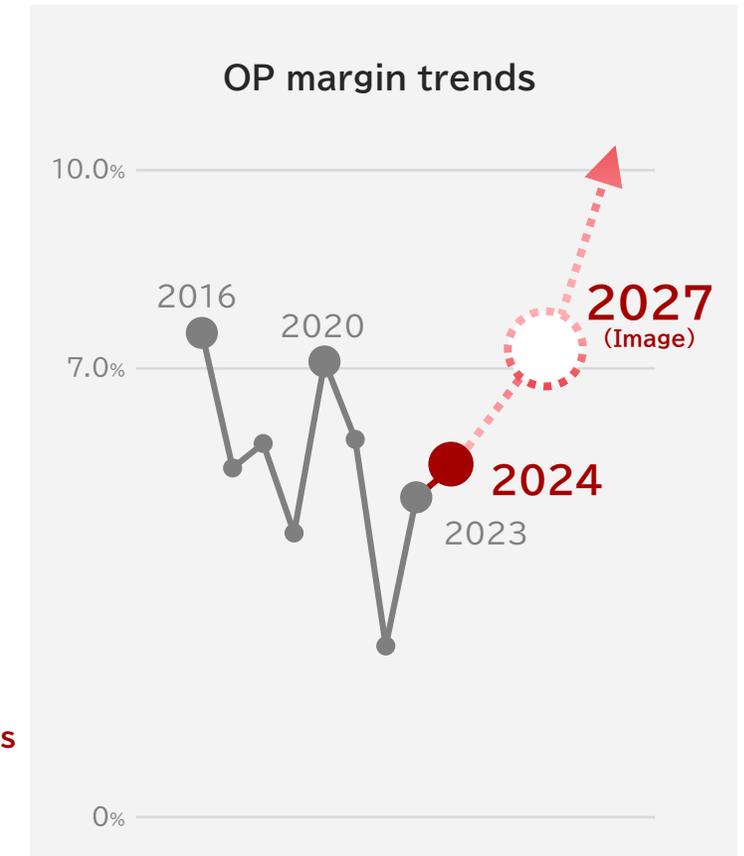
- Maintain and expand the **MFP customer base**
- Strengthen **solution business** by leveraging customer base

- Enhance the added value of hardware/service through **AI**
- Expand **robotics business**

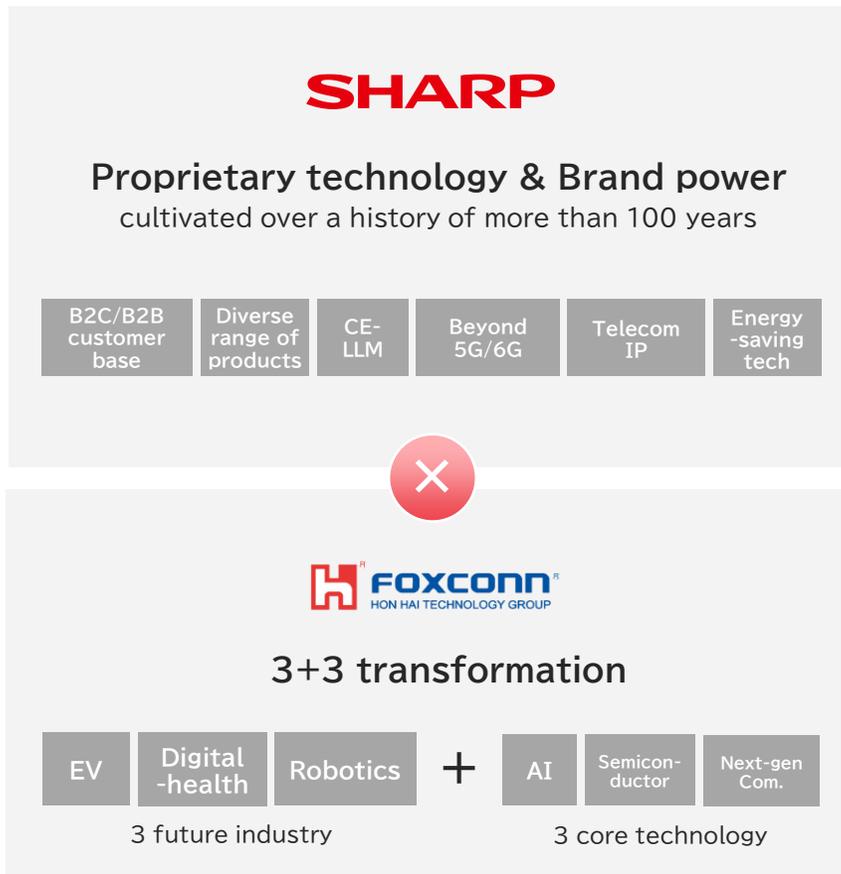


- **Create lean operations** in the TV system and smartphone businesses

- Shift resources to **XR, automotive, and satellite communications sectors**
- Create of new **AI-related devices**



To search for the next innovation mainly in AI, Next-generation communication and EV by effectively leveraging Foxconn's assets



Reinforce HQ functions to support the future leap

Group management



- Execute top-down management for **medium-to-long term growth**
- Execute **portfolio management**



R&D

- Utilize new **“I-Pro”** project to launch all-company new business / technology development
- Speed-up by utilizing **alliance / external talents**



Talent management(HITO management)



- Expand **investment in people**
- Increase **employee engagement**

DX strategy

- Increase **management speed** with IT
- Business efficiency using **AI**



Brand management



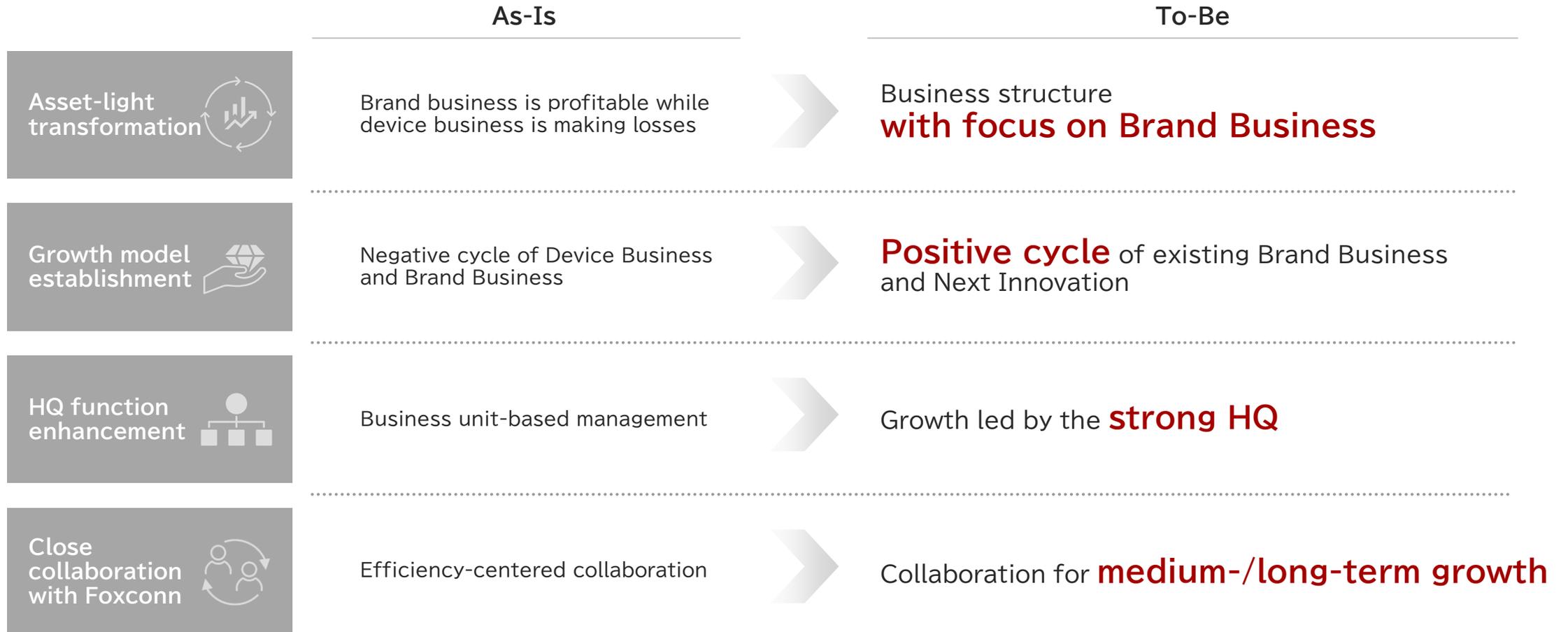
- Reconstruct and vitalize **corporate brand strategy**

ESG management

- Re-establish and accelerate **ESG strategy**



Establish the trusted Japanese brand “SHARP”





**We will work in full force to execute
our Medium-term Management Direction to rebuild trust.**

SHARP

Be Original.