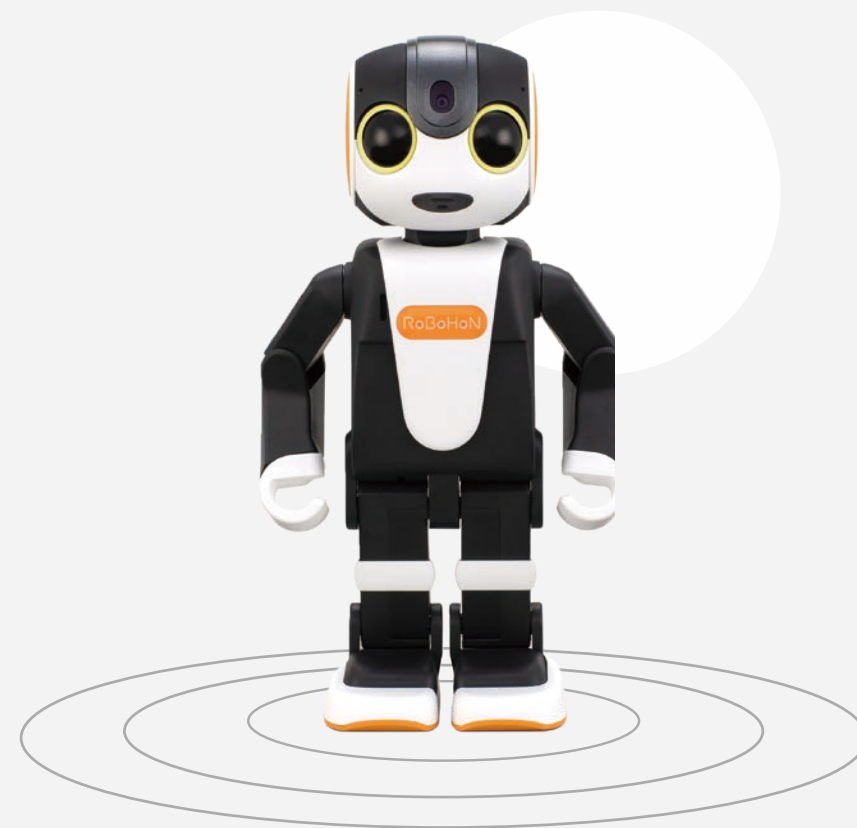


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Five-Year Financial Summary

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

	Yen (millions)				
	2015	2016	2017	2018	2019
Net Sales	¥ 2,786,256	¥ 2,461,589	¥ 2,050,639	¥ 2,427,271	¥ 2,400,072
Domestic sales	968,449	750,499	654,012	656,144	719,424
Overseas sales	1,817,807	1,711,090	1,396,627	1,771,127	1,680,648
Operating Profit (Loss)	(48,065)	(161,967)	62,454	90,125	84,140
Profit (Loss) before Income Taxes	(188,834)	(231,122)	(587)	89,416	75,587
Profit (Loss) Attributable to Owners of Parent	(222,347)	(255,972)	(24,877)	70,225	74,226
Net Assets	44,515	(31,211)	307,801	401,713	372,471
Total Assets^{*1}	1,961,909	1,570,672	1,773,682	1,908,461	1,866,349
Capital Investment^{*2}	62,653	45,240	77,733	119,356	55,996
Depreciation and Amortization	117,323	81,931	71,625	79,738	82,970
R&D Expenditures	141,042	130,120	106,107	100,536	108,545
	Yen				
Per Share of Common Stock^{*3}					
Income (loss)	¥ (131.51)	¥ (154.64)	¥ (68.56)	¥ 106.07	¥ 116.80
Diluted income	—	—	—	85.60	91.69
Cash dividends	0.00	0.00	0.00	10.00	20.00
Net assets	17.84	(161.79)	154.12	267.48	392.56
Other Financial Data					
Return on equity (ROE)	(197.4%)	—	(19.8%)	20.9%	20.4%
Return on assets (ROA)	(10.7%)	(14.5%)	(1.5%)	3.8%	3.9%
Equity ratio	1.5%	(2.7%)	16.6%	19.8%	18.8%

*1 The Company adopted Partial Amendment to Accounting Standard for Tax-Effect Accounting (ASBJ Statement No.28, February 16, 2018) at the beginning of the year ended March 31, 2019. Under this standard, sharp presents deferred tax assets under investments and other assets and deferred tax liabilities under non-current liabilities. Figure for the year ended March 31, 2018 has been restated to reflect the application of this accounting standard retroactively.

*2 The amount of leased properties is included in capital investment.

*3 The Company 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 income (loss) per share, the diluted income per share and net assets per share are calculated on the assumption that the Company conducts this consolidation at the beginning of the year ended March 31, 2017.

Five-Year Financial Summary

	Yen (millions)				
	2015	2016	2017	2018	2019
Net Sales	¥ 2,786,256	¥ 2,461,589	¥ 2,050,639	¥ 2,427,271	¥ 2,400,072
Sales by Segment*4 (Sales to Outside Customers)					
Digital Information Equipment	670,326	—	—	—	—
Health and Environmental Equipment	315,022	—	—	—	—
Energy Solutions	270,881	—	—	—	—
Business Solutions	340,323	—	—	—	—
Product Business	1,596,552	—	—	—	—
LCDs	772,997	—	—	—	—
Electronic Devices	416,707	—	—	—	—
Device Business	1,189,704	—	—	—	—
Total	2,786,256	—	—	—	—
Consumer Electronics	982,350	798,314	—	—	—
Energy Solutions	270,881	155,422	—	—	—
Business Solutions	343,321	348,451	—	—	—
Electronic Components and Devices	416,707	458,022	—	—	—
Display Devices	772,997	701,380	—	—	—
Total	2,786,256	2,461,589	—	—	—
IoT Communications	—	197,342	163,814	—	—
Health and Environment Systems	—	296,072	281,505	—	—
Business Solutions	—	348,451	310,169	—	—
Camera Modules	—	241,593	201,377	—	—
Electronic Components and Devices	—	216,429	186,475	—	—
Energy Solutions	—	155,422	102,810	—	—
Display Devices	—	1,006,280	804,489	—	—
Total	—	2,461,589	2,050,639	—	—
Smart Homes	—	—	548,129	595,132	681,330
Smart Business Solutions	—	—	310,169	318,074	319,215
IoT Electronics Devices	—	—	387,852	462,297	441,231
Advance Display Systems	—	—	804,489	1,051,767	958,295
Total	—	—	2,050,639	2,427,271	2,400,072
Sales by Region					
Japan	968,449	750,499	654,012	656,144	719,424
The Americas	320,980	281,049	175,169	181,412	177,277
Europe	142,520	136,590	123,551	174,194	175,126
China	1,140,892	1,085,311	900,759	1,157,370	1,050,536
Other	213,415	208,140	197,146	258,149	277,708
Total	2,786,256	2,461,589	2,050,639	2,427,271	2,400,072

*4 Effective for the year ended March 31, 2016, the segment classification was changed. In this regard, Sales by Segment for the year ended March 31, 2015, has been restated based on a new classification. Effective for the year ended March 31, 2017, the segment classification was changed. In this regard, Sales by Segment for the year ended March 31, 2016, has been restated based on a new classification. Effective for the year ended March 31, 2018, the segment classification was changed. In this regard, Sales by Segment for the year ended March 31, 2017, has been restated based on a new classification. Effective for the second quarter of the year ended March 31, 2019, advanced equipment that had been included under Smart Business Solutions has been changed under IoT Electronics Devices. In this regard, Sales by Segment for the year ended March 31, 2018, has been restated based on a new classification.

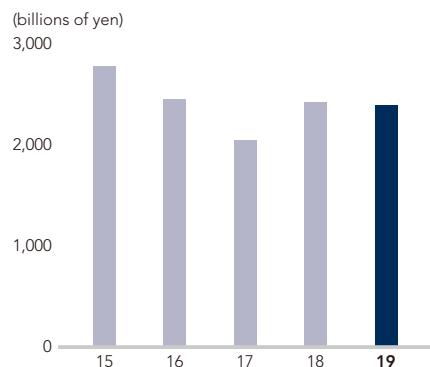
Financial Review

Sharp Corporation and Consolidated Subsidiaries

Net Sales

Consolidated net sales for the year ended March 31, 2019 amounted to ¥2,400,072 million, down ¥27,199 million or 1.1% year on year.

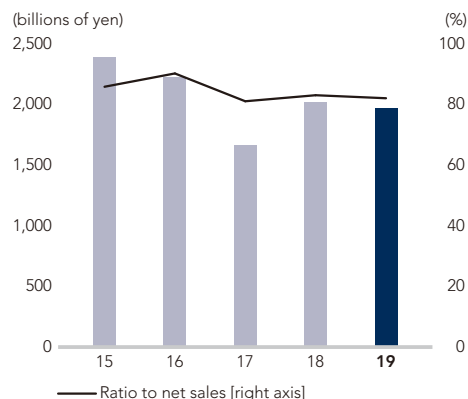
Net Sales



Financial Results

Cost of sales decreased ¥47,048 million to ¥1,975,958 million, while our cost of sales ratio decreased from 83.3% to 82.3% year on year.

Cost of Sales



Selling, general and administrative (SG&A) expenses increased ¥25,834 million to ¥339,972 million. The ratio of SG&A expenses against net sales increased from 12.9% to 14.2% year on year. SG&A expenses included R&D expenditures of ¥31,868 million and employees' salaries and other benefits of ¥107,609 million.

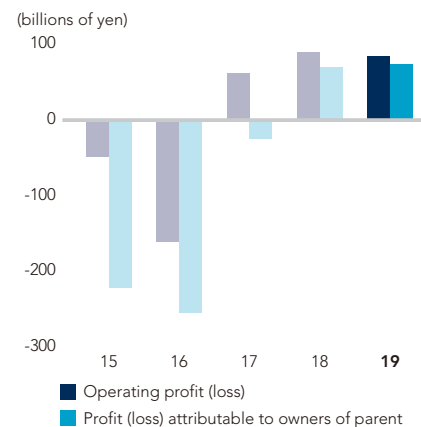
As a result, operating profit amounted to ¥84,140 million, a decrease of ¥5,984 million (6.6%) year on year.

Non-operating income increased ¥431 million to ¥22,650 million, while non-operating expenses increased ¥14,754 million to ¥37,779 million.

Extraordinary income increased ¥9,628 million to ¥14,716 million. Extraordinary losses increased ¥3,148 million to ¥8,139 million year on year.

As a result, profit before income taxes totaled ¥75,587 million, a decrease of ¥13,828 million (15.5%) year on year. Profit attributable to owners of parent increased ¥4,000 million (5.7%) to ¥74,226 million. Income per share of common stock was ¥116.80.

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



Segment Information

Smart Homes

Sales in this segment increased 14.6% year on year to ¥696,936 million. This increase was mainly driven by major sales growth in air conditioners, as well as growth in washing machines and refrigerators. Another positive factor was the addition of Dynabook Inc. in October 2018 as a consolidated subsidiary. Segment income rose 9.8% to ¥48,018 million, mainly due to increased sales of white goods combined with cost reduction measures.

Smart Business Solutions

Sales in this segment increased 0.7% to ¥320,403 million, mainly due to strong sales of multi-function printers overseas. Despite sales growth, segment income decreased 1.2% from the previous year to ¥21,699 million, impacted by lower selling prices.

IoT Electronics Devices

Sales in this segment decreased 1.1% year on year to ¥499,094 million. This decrease was mainly due to lower sales of sensor modules and other products, despite growth in sales of camera modules for smartphones and higher sales of semiconductors.

Segment income decreased 13.1% to ¥2,894 million. This decrease was mainly due to the impact of demand fluctuations among major customers and rising depreciation associated with growth investments. These negative factors were partially offset by growth in semiconductors and cost reduction measures.

Financial Review

Advance Display Systems

Sales of LCD TVs in Asia increased, as did sales of medium-size LCD panels for PCs and tablets. At the same time, we limited sales of LCD TVs in China as part of our shift to quality above quantity, reflecting our approach to distribution stock. We also saw a decrease in sales of LCD panels for smartphones. As a result, net sales decreased 11.7% year on year to ¥959,689 million. Segment income amounted to ¥27,066 million, a 26.9% decrease. Despite cost reduction measures, the

negative impact of U.S.-China trade frictions on the markets, an increasingly challenging competitive environment, costs involved in launching organic EL displays, and other factors combined to drive segment income lower.

Capital Investment and Depreciation

Capital Investment totaled ¥55,996 million, down 53.1% from the previous year. Much of this investment related to camera module production lines and pilot lines for organic EL displays.

Sales by Segment

	Yen (millions)	
	2018	2019
Smart Homes	¥ 607,990	¥ 696,936
Smart Business Solutions	318,084	320,403
IoT Electronics Devices	504,566	499,094
Advance Display Systems	1,086,570	959,689
Subtotal	2,517,212	2,476,124
Adjustments	(89,940)	(76,051)
Total	2,427,271	2,400,072

Segment Income by Segment

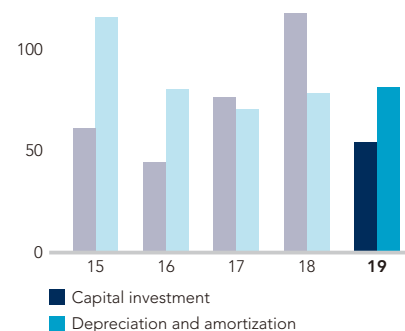
	Yen (millions)	
	2018	2019
Smart Homes	¥ 43,723	¥ 48,018
Smart Business Solutions	21,969	21,699
IoT Electronics Devices	3,332	2,894
Advance Display Systems	37,041	27,066
Subtotal	106,068	99,678
Adjustments	(15,942)	(15,538)
Total	90,125	84,140

By business segment, capital investment was ¥2,418 million for Smart Homes, ¥2,493 million for Smart Business Solutions, ¥24,206 million for IoT Electronics Devices, and ¥24,468 million for Advance Display Systems. Unallocated capital investment amounted to ¥2,409 million.

Depreciation and amortization increased 4.1% to ¥82,970 million.

Capital Investment/Depreciation and Amortization

(billions of yen)
150



Assets, Liabilities and Net Assets

Total assets at fiscal year-end amounted to ¥1,866,349 million, down ¥42,112 million from the previous year.

Assets

Current assets amounted to ¥1,141,369 million, down ¥75,823 million from the end of the previous year. This result was mainly due to a decrease

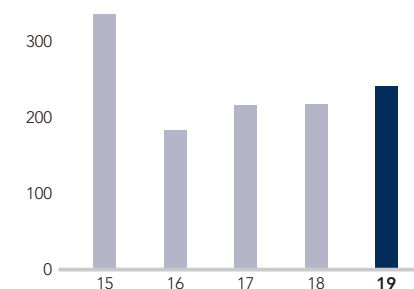
in cash and deposits of ¥155,654 million, which was offset in part by an increase in notes and accounts receivable - trade of ¥68,352 million. In addition, inventories increased ¥24,135 million from the end of the previous year to ¥243,849 million. Within total inventories, finished products increased ¥8,136 million to ¥161,854 million, work in process increased ¥9,505 million to ¥33,042 million, and raw materials and supplies increased ¥6,493 million to ¥48,952 million.

Property, plant and equipment decreased ¥23,557 million from the end of the previous year to ¥405,038 million. This decrease was mainly due to a decrease of ¥21,032 million in machinery, equipment and vehicles compared to the end of the previous fiscal year.

Investments and other assets amounted to ¥280,239 million, up ¥62,385 million from the end of the previous year. This was mainly due to the increase in investment securities.

Inventories

(billions of yen)
400



Financial Review

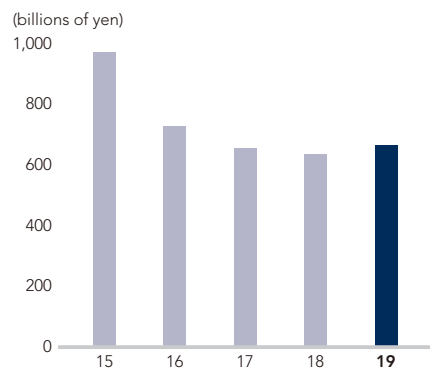
Liabilities

Current liabilities decreased ¥20,330 million from the end of the previous year to ¥813,136 million. This result was mainly due to decreases of ¥12,800 million and ¥17,972 million in notes and accounts payable - trade and accrued expenses, respectively.

Non-current liabilities increased ¥7,459 million from the end of the previous year to ¥680,740 million. This results was mainly due to an increase in long-term loans payable of ¥31,177 million.

Interest-bearing debt at year end stood at ¥667,208 million, up ¥29,424 million from the end of the previous year.

Interest-Bearing Debt

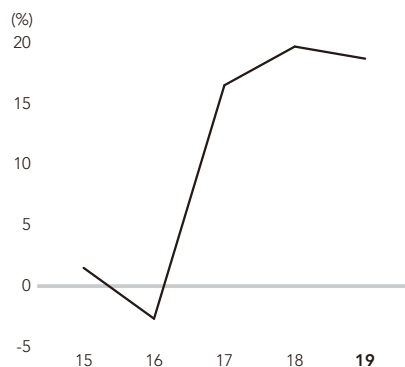


Net Assets

Net assets amounted to ¥372,471 million, down ¥29,241 million compared to the previous year-end balance of ¥401,713 million. This result was mainly due to a decrease in retained earnings due to the purchase and cancellation of Class A shares while recording a net profit attributable to owners of parent.

Our equity ratio was 18.8%.

Equity Ratio



Cash Flows

Cash and cash equivalents at the end of the year stood at ¥228,798 million, down ¥175,203 million from the previous year, as inflows from operating activities were less than outflows from combined financing and investing activities.

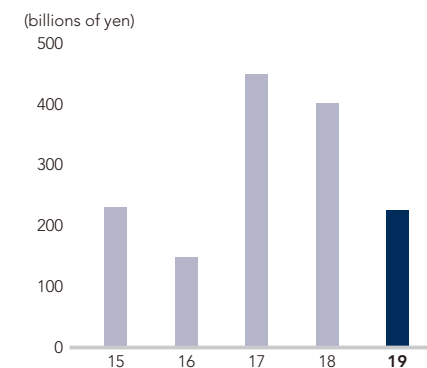
Net Cash provided by operating activities amounted to ¥79,043 million, down ¥26,227 million compared to cash provided in the amount of ¥105,270 million in the previous year. This result was mainly due to a decrease of ¥13,828 million in profit before income taxes compared to the previous year, a decrease in notes and accounts payable-trade (compared to increase in notes and accounts payable-trade in the previous year), and a decrease of ¥10,423 million in accrued expenses.

Net Cash used in investing activities totaled ¥167,587 million, up ¥41,580 million compared to cash used of ¥126,006 million in the previous year. This result was mainly due to increases of ¥40,417 million in payments into time deposits and ¥24,196 million in purchases of property, plant and equipment, which more than offset an increase of ¥11,212 million in proceeds from withdrawal of time deposits.

Net Cash used in financing activities was ¥88,517 million, up ¥59,383 million compared to cash used of ¥29,133 million in the previous year. This result was mainly due to an increase of ¥85,132 million in purchase of treasury shares

and dividend payments of ¥21,076 million, which more than offset the shift from decreases to increases in short-term loans payable.

Cash and Cash Equivalents



- Notes:
1. Sales figures by segment shown in Segment Information include internal sales and transfers among segments (Smart Homes, Smart Business Solutions, IoT Electronics Devices, and Advance Display Systems). Segment income figures are amounts before adjustment for inter-segment trading.
 2. Capital investment figures shown in Capital Investment and Depreciation include the amount of leased properties.
 3. Sharp adopted Partial Amendment to Accounting Standard for Tax-Effect Accounting (ASBJ Statement No.28, February 16, 2018) at the beginning of the year ended March 31, 2019. Major management indicators for fiscal 2017 reflect the retroactive application of this accounting standard.
 4. Effective for the second quarter of the year ended March 31, 2019, advanced equipment that had been included under Smart Business Solutions has been changed under IoT Electronics Devices. In this regard, Sales by Segment for the year ended March 31, 2018, has been restated based on a new classification.

Consolidated Balance Sheets

Sharp Corporation and Consolidated Subsidiaries as of March 31, 2018 and 2019

	Yen (millions)	
	2018	2019
ASSETS		
Current Assets		
Cash and deposits (Notes 2(c), 6 and 8)	¥ 422,302	¥ 266,648
Notes and accounts receivable — trade (Notes 2(c) and 8)	471,575	539,927
Inventories (Notes 2(b) and (c))	219,714	243,849
Other (Note 2(c))	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 (Note 2(c))	625,263	645,074
Machinery, equipment and vehicles (Note 2(c))	1,209,180	1,188,148
Tools, furniture and fixtures (Note 2(c))	235,418	218,694
Land (Note 2(c))	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 (Notes 2(a), 2(c), 8 and 9)	172,061	185,782
Net defined benefit asset (Note 12)	2,786	4,172
Deferred tax assets (Note 14)	18,729	22,740
Other (Note 2(c))	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	21	6
Total assets	¥ 1,908,461	¥ 1,866,349

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

	Yen (millions)	
	2018	2019
LIABILITIES		
Current Liabilities		
Notes and accounts payable — trade (Note 8)	¥ 384,966	¥ 372,166
Electronically recorded obligations — operating (Note 8)	44,511	38,149
Short-term loans payable (Notes 2(c), 8 and 11)	81,256	81,446
Current portion of bonds (Notes 8 and 11)	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
Provision for restructuring	1,198	666
Valuation reserve for inventory purchase commitments	21,369	17,123
Other (Note 11)	104,403	106,217
Total current liabilities	833,467	813,136
Non-current Liabilities		
Bonds payable (Notes 8 and 11)	30,000	—
Long-term loans payable (Notes 2(c), 8 and 11)	507,027	538,205
Net defined benefit liability (Note 12)	101,101	106,636
Other (Notes 11 and 14)	35,151	35,898
Total non-current liabilities	673,280	680,740
Total liabilities	1,506,748	1,493,877
NET ASSETS		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	295,332	208,725
Retained earnings (Note 5)	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 adjustments	(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 (Note 5)	106	235
Non-controlling interests	23,265	21,605
Total net assets	401,713	372,471
Total liabilities and net assets	¥ 1,908,461	¥ 1,866,349

Consolidated Statements of Operations

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2018 and 2019

	Yen (millions)	
	2018	2019
Net Sales (Note 16)	¥ 2,427,271	¥ 2,400,072
Cost of Sales (Notes 3 (a) and (c))	2,023,007	1,975,958
Gross profit	404,264	424,113
Selling, General and Administrative Expenses (Notes 3 (b) and (c))	314,138	339,972
Operating profit (Note 16)	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 the 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 the 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 (Note 3 (d))	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 sale and retirement of non-current assets (Note 3 (e))	1,094	1,161
Impairment loss (Note 3 (f))	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 (Note 14)		
Current	14,238	13,698
Deferred	4,472	(11,523)
	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

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

Consolidated Statements of Comprehensive Income

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2018 and 2019

	Yen (millions)	
	2018	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	16,687	3,118
Share of other comprehensive income of entities accounted for using the equity method	(292)	(640)
Total other comprehensive income (Note 4)	13,311	5,546
Comprehensive Income	¥ 84,016	¥ 78,958
Comprehensive income attributable to:		
Owners of parent	83,118	80,039
Non-controlling interests	897	(1,080)

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

Consolidated Statements of Changes in Net Assets

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2018 and 2019

	Yen (millions)												
	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings (Note 5)	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights (Note 5)	Non-controlling interests	Total net assets
Balance at beginning of the year ended March 31, 2018	¥ 5,000	¥ 576,792	¥ (148,597)	¥ (13,902)	¥ 419,292	¥ 14,474	¥ 39	¥ (44,355)	¥ (95,296)	¥ (125,138)	¥ —	¥ 13,646	¥ 307,801
Changes of items during period													
Deficit disposition		(281,947)	281,947		—								—
Profit attributable to owners of parent			70,225		70,225								70,225
Change of scope of consolidation		1	572		573								573
Change in ownership interest of parent due to transactions with non-controlling interests		428			428								428
Increase (decrease) of capital surplus by change of share to consolidated subsidiary		58			58								58
Purchase of treasury shares				(32)	(32)								(32)
Disposal of treasury shares		(1)		2	0								0
Increase of treasury shares by increasing of consolidated subsidiary				(4)	(4)								(4)
Adjustment to retained earnings due to change in US tax rate			759		759								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	—	(281,460)	353,504	(34)	72,009	2,401	(3,244)	(2,946)	15,965	12,176	106	9,618	93,912
Balance at end of the year ended March 31, 2018	¥ 5,000	¥ 295,332	¥ 204,906	¥ (13,936)	¥ 491,302	¥ 16,876	¥ (3,205)	¥ (47,302)	¥ (79,330)	¥ (112,961)	¥ 106	¥ 23,265	¥ 401,713

	Yen (millions)												
	Shareholders' equity					Accumulated other comprehensive income							
	Capital stock	Capital surplus	Retained earnings (Note 5)	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights (Note 5)	Non-controlling interests	Total net assets
Balance at beginning of the year ended March 31, 2019	¥ 5,000	¥ 295,332	¥ 204,906	¥ (13,936)	¥ 491,302	¥ 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)		(21,092)								(21,092)
Profit attributable to owners of parent			74,226		74,226								74,226
Change in ownership interest of parent due to transactions with non-controlling interests		(1,512)			(1,512)								(1,512)
Capital increase of consolidated subsidiaries		7			7								7
Purchase of treasury shares				(85,164)	(85,164)								(85,164)
Disposal of treasury shares		5		6	12								12
Cancellation of treasury shares		(85,107)		85,107	—								—
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	—	(86,607)	53,134	(50)	(33,523)	(3,344)	2,985	3,051	3,122	5,813	128	(1,660)	(29,241)
Balance at end of the year ended March 31, 2019	¥ 5,000	¥ 208,725	¥ 258,040	¥ (13,987)	¥ 457,778	¥ 13,531	¥ (220)	¥ (44,251)	¥ (76,208)	¥ (107,148)	¥ 235	¥ 21,605	¥ 372,471

Consolidated Statements of Cash Flows

Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31, 2018 and 2019

	Yen (millions)	
	2018	2019
Cash Flows from Operating Activities:		
Profit before income taxes	¥ 89,416	¥ 75,587
Depreciation and amortization	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 the equity method	(176)	9,381
Loss (gain) on sales and retirement of non-current assets, net	(1,128)	(9,438)
Loss (gain) on sales of investment securities, net	(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)
Net cash provided by (used in) operating activities	105,270	79,043

	Yen (millions)	
	2018	2019
Cash Flows from Investing Activities:		
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 (Note 6(b))	(6,356)	(3,393)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 6(b))	6,311	13,455
Purchases of property, plant and equipment	(102,063)	(126,259)
Purchase of intangible assets	(14,565)	(16,589)
Purchases 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
Net cash provided by (used in) investing activities	(126,006)	(167,587)
Cash Flows from Financing Activities:		
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)
Net cash provided by (used in) financing activities	(29,133)	(88,517)
Effect of Exchange Rate Change on Cash and Cash Equivalents	852	482
Net Increase (Decrease) in Cash and Cash Equivalents	(49,017)	(176,577)
Cash and Cash Equivalents at Beginning of Year	453,477	404,001
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	(458)	1,374
Cash and Cash Equivalents at End of Year (Note 6(a))	¥ 404,001	¥ 228,798

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 four 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.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 93 companies 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 27 affiliates on which the Company has significant influence regarding their operating and financial policies are accounted for using the equity method.

Changes in the consolidated subsidiaries for the year ended March 31, 2019 were as follows:

(Included in scope)

Dynabook Inc.

Sharp Hong Kong Limited

Sharp Fukuyama Semiconductor Co., Ltd.

And 12 others

(Excluded from scope)

Sharp Electronics (Nordic) AB

Mikava Oy

And 5 others

Changes in the nonconsolidated subsidiaries and affiliates accounted for using the equity method for the year ended March 31, 2019 were as follows:

(Included in scope)

FIT Electronics Device Pte. Ltd.

Sharp FIT Automotive Technology Co., Ltd.

And 3 others

(Excluded from scope)

Sharp Hong Kong Limited

Sharp Life Science Corporation

Eco Life Solutions Co., Ltd.

And 2 others

Sharp India Ltd. is the main nonconsolidated subsidiary.

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

(c) Investment securities

Investment securities consist principally of marketable and non-marketable equity securities.

Investment securities with available fair market values are stated at fair market value, which is calculated as the average of market prices during the last month of the fiscal year.

Investment securities with no available fair market values are stated at gross average cost.

With respect to the investments in partnerships, the amount determined by applying the holding ratio to the profits or losses resulting from the operations of the partnerships is stated as non-operating income or expenses, then added to or deducted from the balance of investment securities.

(d) Derivatives

Derivatives are stated at fair value.

(e) Inventories

Inventories held by the Company and its domestic consolidated subsidiaries are primarily measured at moving average cost. For balance sheet valuation, in the event that profitability of inventories decreases, inventories are carried at net realizable value. For overseas consolidated subsidiaries, inventories 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 is computed using the declining-balance method, except for machinery and equipment at the LCD plants in Mie and Kameyama, buildings (excluding attached facilities) acquired on or after April 1, 1998, and facilities attached to buildings and structures acquired on or after April 1, 2016 by the Company and its domestic consolidated subsidiaries; all of which are depreciated

Notes to Consolidated Financial Statements

using the straight-line method over the estimated useful life of the asset. Property, plant and equipment at overseas consolidated subsidiaries are depreciated using the straight-line method.

Amortization of intangible assets other than leased assets is computed using the straight-line method.

Software used by the Company is amortized using 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 under non-ownership-transfer finance lease transactions is computed using the straight-line method, using the lease period as the depreciable life and the residual value as zero.

(g) Deferred assets

Bond issue cost is amortized using the straight-line method over the redemption period.

(h) Allowance for doubtful accounts

The estimated amounts of allowance for general receivables are primarily determined based on the past loss experience. For particular receivables, including those from debtors at risk of bankruptcy, the allowance is provided for individually estimated unrecoverable amounts. This procedure is made to reflect the impact of the risk of possible credit loss.

(i) Provision for bonuses

The Company and its consolidated subsidiaries accrue 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.

(j) Provision for product warranties

Estimated amounts of warranty are accrued based on the past experience. This procedure is made to reflect the impact of the risk of expenses being incurred for after-sales service within the warranty period in respect of sales recorded prior to the balance sheet date.

(k) Provision for sales promotion expenses

The reserve for payment of sales promotion expenses is set aside based on estimated amounts to be paid to agencies and dealers in the subsequent period in respect of services rendered or goods received prior to the balance sheet date.

(l) Provision for restructuring

The estimated amounts of restructuring are recognized as a provision in order to provide for expenses related to structural reform.

(m) Valuation reserve for inventory purchase commitments

Differences between contracted prices and current market prices for long-term supply contracts for

raw materials are set aside as an allowance for contract loss. This reflects the impact of the risk of loss in cases where the market price of materials declines significantly below the contracted price of fulfillment of the contract causes a loss in the production of sale business.

(n) Defined benefit pension plan

The estimated amount of all defined benefit pension plans to be paid at future retirement dates is allocated to each service year based on the plan's benefit formula.

Past service costs are amortized primarily using the straight-line method over the average of the estimated remaining service years (13 years) commencing from the current period. Actuarial gains and losses are primarily amortized using the straight-line method over the average of the estimated remaining service years (13 years) commencing from the period following that in which the gain or loss was incurred.

(o) Hedge accounting

The Company and some of its consolidated subsidiaries use derivative financial instruments, including foreign exchange forward contracts in order to hedge the risk exposure arising from fluctuations in foreign currency exchange rates associated with assets and liabilities denominated in foreign currencies. Furthermore, the Company uses interest rate swaps in order to hedge the interest rate fluctuation risk associated with some borrowings with variable interest rates from financial institutions.

All derivative financial instruments are stated at fair value and recorded on the balance sheets. The deferred method is used for recognizing gains and losses on hedging instruments and the hedged items. When foreign exchange forward contracts meet certain conditions, the hedged items are stated at the forward exchange contract rates.

Derivative financial instruments are used based on internal policies and procedures related to risk management. The risks of fluctuations in foreign currency exchange rates and variable interest rates have been assumed to be completely hedged over the period of hedging contracts as the major conditions of the hedging instruments and the hedged items are consistent. Accordingly, an evaluation of the effectiveness of the hedging contracts is not required.

(p) Method and period for amortization of goodwill

Goodwill is amortized evenly over the estimated effective term. Goodwill recorded in the consolidated subsidiaries in the U.S.A. is amortized straight line over 10 years.

However, if the amount of goodwill is insignificant, the entire amount is amortized during the period in which the goodwill arises.

(q) 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.

Notes to Consolidated Financial Statements

(r) Consumption taxes

The tax exclusion method is applied.

(s) Adoption of consolidated tax return system

The consolidated tax return system is adopted.

(t) Changes in accounting policies

Effective from the year ended March 31, 2019, overseas subsidiaries reporting under IFRS have applied IFRS 15 *Revenue from Contracts with Customers*.

This change had an immaterial impact on consolidated financial statements for the year ended March 31, 2019.

(u) Unapplied accounting standards and interpretations

The accounting standards and interpretations issued as of March 31, 2019 but not yet applied as of the year ended March 31, 2019 were as follows:

The monetary impact amounts arising through the application of these standards and interpretations are under evaluation.

The Company and domestic consolidated subsidiaries

Name of the standards and interpretations	Description of the standards and interpretations	Planned adoption period
ASBJ Statement No. 29	Accounting Standard for Revenue Recognition	Establishment of the accounting treatment for revenue recognition
		From the year ended March 31, 2022

Overseas consolidated subsidiaries

Name of the standards and interpretations	Description of the standards and interpretations	Planned adoption period
IFRS 16	Leases	Revision of the accounting treatment for leases
		From the year ended March 31, 2020
ASU No.2014-09	Revenue from Contracts with Customers (Topic 606)	Revision of the accounting treatment for revenue recognition
		From the year ended March 31, 2020
ASU No.2016-02	Leases (Topic 842)	Revision of the accounting treatment for leases
		From the year ended March 31, 2021

(v) Changes in presentation method

(Changes conforming to the application of *Partial Amendments to Accounting Standard for Tax Effect Accounting*)

Beginning with the year ended March 31, 2019, the Company has applied ASBJ Statement No. 28 *Partial Amendments to Accounting Standard for Tax Effect Accounting* (February 16, 2018,

hereinafter referred to as Statement No. 28). With this change, deferred tax assets and deferred tax liabilities are now presented under "Investments and other assets" and "Non-current liabilities", respectively. We have also made changes to Notes to income taxes.

As a result, ¥6,544 million of deferred tax assets, which was included in "Other" under "Current assets" on the consolidated balance sheets of the year ended March 31, 2018, has been reclassified as a part of the ¥18,729 million in "Deferred tax assets" under "Investments and other assets". Also, ¥470 million of deferred tax liabilities, which was included in "Other" under "Current liabilities", has been reclassified as a part of the ¥35,151 million of "Other" under "Non-current liabilities".

Deferred tax assets and liabilities have been offset on the consolidated balance sheets for taxes paid by the same taxable entity. As a result, total assets decreased ¥198 million under the change in presentation method.

Notes to income taxes reflects the disclosures required by Annotation 8 (excluding the total amount of the valuation allowance) and Annotation 9 of *Annotations on Accounting Standard for Tax Effect Accounting*, which are stipulated in Paragraphs 3 to 5 of Statement No. 28. The information pertaining to the year ended March 31, 2018 is omitted in accordance with the transitional treatment defined in Paragraph 7 of Statement No. 28.

(Consolidated balance sheets)

"Deferred tax assets", which was included in "Other" under "Investments and other assets" in the year ended March 31, 2018, has been separately presented in the year ended March 31, 2019 since its balance exceeded 1% of total assets. In order to reflect this change in presentation method, amounts included in the consolidated financial statements for the year ended March 31, 2018 have been reclassified.

As a result, ¥38,756 million included in "Other" under "Investments and other assets" in the consolidated balance sheets as of March 31, 2018, has been reclassified as ¥18,729 million in "Deferred tax assets" and ¥26,372 million in "Other" after the application of Statement No. 28.

(Consolidated statements of operations)

"Rent expenses on non-current assets", which was separately presented for the year ended March 31, 2018, has been included in "Other" of "Non-operating expenses" for the year ended March 31, 2019 since its amount became less than 10% of total non-operating expenses. In order to reflect this change in presentation method, amounts included in the consolidated financial statements for the year ended March 31, 2018 have been reclassified.

As a result, in the consolidated statements of operations for the year ended March 31, 2018, ¥2,499 million of "Rent expenses on non-current assets" and ¥15,724 million of "Other" of "Non-operating expenses" have been reclassified as ¥18,223 million of "Other" of "Non-operating expenses".

Notes to Consolidated Financial Statements

(Consolidated statements of cash flows)

1) Cash flows from operating activities

"Increase (decrease) in accrued expenses" and "Increase (decrease) in advances received", which were included in "Other, net" for the year ended March 31, 2018, have been separately presented for the year ended March 31, 2019 since their financial materiality has increased. In order to reflect this change in presentation method, amounts included in the consolidated financial statements for the year ended March 31, 2018 have been reclassified.

As a result, in the net cash provided by (used in) operating activities in the consolidated statements of cash flows for the year ended March 31, 2018, ¥12,071 million of "Other, net" has been reclassified as ¥(8,902) million of "Increase (decrease) in accrued expenses", ¥(3) million of "Increase (decrease) in advances received" and ¥20,978 million of "Other, net".

2) Cash flows from investing activities

"Proceeds from sales of investment securities", which was separately presented for the year ended March 31, 2018, has been included in "Other, net" for the year ended March 31, 2019 since its financial materiality has decreased. Furthermore, "Purchase of intangible assets" and "Proceeds from sales of property, plant and equipment", which were included in "Other, net" for the year ended March 31, 2018, have been separately presented for the year ended March 31, 2019 because their financial materiality has increased. In order to reflect this change in presentation method, amounts included in the consolidated financial statements for the year ended March 31, 2018 have been reclassified.

As a result, in the net cash provided by (used in) investing activities in the consolidated statements of cash flows for the year ended March 31, 2018, ¥62 million of "Proceeds from sales of investment securities" and ¥(4,160) million of "Other, net" have been reclassified as ¥(14,565) million of "Purchase of intangible assets", ¥3,289 million of "Proceeds from sales of property, plant and equipment" and ¥7,177 million of "Other, net".

3) Cash flows from financing activities

"Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation", which was included in "Other, net" for the year ended March 31, 2018, has been separately presented for the year ended March 31, 2019 since their financial materiality has increased. In order to reflect this change in presentation method, amounts included in the consolidated financial statements for the year ended March 31, 2018 have been reclassified.

As a result, in the net cash provided by (used in) financing activities in the consolidated statements of cash flows for the year ended March 31, 2018, ¥(4,701) million of "Other, net" has been reclassified as ¥(402) million of "Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation" and ¥(4,299) million of "Other, net".

2. Notes to Consolidated Balance Sheets

(a) Investment in nonconsolidated subsidiaries and affiliates

Investment in nonconsolidated subsidiaries and affiliates as of March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Investment in nonconsolidated subsidiaries and affiliates	¥ 75,871	¥ 65,515

(b) Inventories

Inventories as of March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Finished products	¥ 153,717	¥ 161,854
Work in process	23,537	33,042
Raw materials and supplies	42,459	48,952
	¥ 219,714	¥ 243,849

(c) Collateral Assets and Liabilities secured by Collateral

Collateral assets and liabilities secured by collateral as of March 31, 2018 and 2019 were as follows:

(1) Assets pledged as collateral

	Yen (millions)	
	2018	2019
Cash and deposits	¥ 14,580	¥ 34,224
Notes and accounts receivable — trade	70,936	72,803
Inventories	79,163	94,018
Other (Current assets)	3,724	11,110
Buildings and structures	135,969	140,593
Machinery, equipment and vehicles	31,256	21,913
Tools, furniture and fixtures	1,662	2,142
Land	79,137	69,992
Investment securities	37,661	33,073
Other (Investments and other assets)	157	—
	¥ 454,249	¥ 479,871

Notes to Consolidated Financial Statements

(2) Liabilities secured by collateral

	Yen (millions)	
	2018	2019
Short-term loans payable	¥ 7,744	¥ 7,733
Long-term loans payable	426,693	426,693
	¥ 434,437	¥ 434,427

Cash and deposits of ¥9,499 million as of March 31, 2018 and ¥9,475 million as of March 31, 2019 were pledged as collateral for opening a standby letter of credit.

In addition, certain shares of consolidated subsidiaries which were subject to elimination through inter-company transactions were pledged as collateral of long-term loans payable as of March 31, 2018 and 2019.

(d) Contingent Liabilities

(1) Guarantee liabilities

	Yen (millions)	
	2018	2019
Loans guaranteed for employees	¥ 8,191	¥ 6,862

(2) Discounted trade notes receivable

	Yen (millions)	
	2018	2019
Discounted trade notes receivable	—	¥ 1,880

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

The Company entered into long-term contracts with several suppliers with respect to electricity and other inputs at the Sakai Factory. The total amounts of future minimum payments under such contracts as of March 31, 2018 and 2019 were ¥27,058 million (longest remaining term was 11 years) and ¥21,795 million (longest remaining term was 10 years), respectively. No contract can be terminated before expiration.

(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 as of March 31, 2018 and 2019 were as follows:

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

	Yen (millions)	
	2018	2019
Total amount of investment commitment	¥ 105,270	¥ 110,010
Contribution made	24,331	57,409
Remaining committed contribution	¥ 80,938	¥ 52,600

3. Notes to Consolidated Statements of Operations

(a) Inventory valuation loss

Inventories at the end of the fiscal year is presented as the amount after deducting valuation loss.

Net inventory valuation loss (after offsetting the reversal amount) included in the cost of sales for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Cost of sales	¥ (17,475)	¥ (10,323)

(b) Selling, general and administrative expenses

Major components of selling, general and administrative expenses for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Salaries and allowances	¥ 100,268	¥ 107,609
Provision for bonuses	9,643	10,850
Retirement benefit expenses	9,548	8,087
Transportation and warehousing expenses	32,270	36,298
Research and development expenses	22,709	31,868
Provision for bonuses	1,273	1,154

(c) Research and development expenses

Research and development expenses included in general and administrative expenses and cost of manufacturing were ¥100,536 million for the year ended March 31, 2018 and ¥108,545 million for the year ended March 31, 2019.

Notes to Consolidated Financial Statements

(d) Gain on sales of non-current assets

Major components of gain on sales of non-current assets for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Buildings and structures	¥ 1,144	¥ 2,364
Machinery, equipment and vehicles	675	2,079
Tools, furniture and fixtures	139	203
Land	263	5,934
Software	—	14
Other	0	3
	¥ 2,222	¥ 10,599

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

Major components of loss on sale and retirement of non-current assets for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Loss on sale:		
Buildings and structures	¥ 0	¥ —
Machinery, equipment and vehicles	79	14
Tools, furniture and fixtures	16	3
Other	0	0
	¥ 96	¥ 19
Loss on retirement:		
Buildings and structures	¥ 115	¥ 321
Machinery, equipment and vehicles	715	614
Tools, furniture and fixtures	118	39
Land	1	—
Construction in progress	0	2
Software	17	53
Other	28	109
	¥ 997	¥ 1,141
Total:		
Buildings and structures	¥ 115	¥ 321
Machinery, equipment and vehicles	795	629
Tools, furniture and fixtures	135	43
Land	1	—
Construction in progress	0	2
Software	17	53
Other	28	109
	¥ 1,094	¥ 1,161

(f) Impairment loss

With regards to accounting for impairment of assets, the Company and its consolidated subsidiaries identify cash generating units through consideration of business characteristics and business operations. Idle assets are identified as separate cash generating units.

The Company recognized an impairment loss of ¥583 million for the Smart Home unit due to the decreasing profitability of the business for the year ended March 31, 2018. Details were as follows: ¥423 million for machinery, equipment and vehicles; ¥63 million for tools, furniture and fixtures; ¥75 million for software; and ¥20 million for others. The net realizable value for all assets was evaluated to be zero.

The Company recognized an impairment loss of ¥1,360 million for some idle assets due to no future usage being planned as of the year ended March 31, 2018. Details were as follows: ¥306 million for buildings and structures; ¥245 million for machinery, equipment and vehicles; ¥110 million for tools, furniture and fixtures; ¥682 million for software; and ¥16 million for others. The net realizable value for all assets was evaluated to be zero.

A consolidated subsidiary recognized an impairment loss of ¥167 million for the Smart Home unit due to the decreasing profitability of the business for the year ended March 31, 2019. Details were as follows: ¥2 million for buildings and structures; ¥14 million for tools, furniture and fixtures; ¥128 million for software; and ¥22 million for others. The net realizable value for all assets was evaluated to be zero.

The Company recognized an impairment loss of ¥970 million for the IoT Electronic Device unit due to the decreasing profitability of the business for the year ended March 31, 2019. Details were as follows: ¥960 million for machinery, equipment and vehicles; ¥9 million for tools, furniture and fixtures. The net realizable value for all assets was evaluated to be zero.

The Company recognized an impairment loss of ¥5,166 million on goodwill following adverse profitability in a consolidated subsidiary. The estimated recoverable amount was evaluated based on the net realizable value.

Notes to Consolidated Financial Statements

4. Notes to Consolidated Statements of Comprehensive Income

Summary of amounts of reclassification adjustments and their tax effects to other comprehensive income as of March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Valuation difference on available-for-sale securities		
Amount arising during the year	¥ 3,456	¥ (4,810)
Reclassification adjustment	(0)	(42)
Before tax effect	3,455	(4,853)
Tax effect	(1,053)	1,477
Valuation difference on available-for-sale securities	¥ 2,402	¥ (3,375)
Deferred gains or losses on hedges		
Amount arising during the year	¥ (2,947)	¥ 2,894
Reclassification adjustment	(445)	(40)
Before tax effect	(3,393)	2,853
Tax effect	(148)	363
Deferred gains or losses on hedges	¥ (3,541)	¥ 3,216
Foreign currency translation adjustment		
Amount arising during the year	¥ (3,737)	¥ 3,228
Reclassification adjustment	1,792	—
Before tax effect	(1,944)	3,228
Tax effect	—	—
Foreign currency translation adjustment	¥ (1,944)	¥ 3,228
Remeasurements of defined benefit plans		
Amount arising during the year	¥ 5,362	¥ (7,345)
Reclassification adjustment	12,106	11,290
Before tax effect	17,468	3,945
Tax effect	(781)	(827)
Remeasurements of defined benefit plans	¥ 16,687	¥ 3,118
Share of other comprehensive income of entities accounted for using the equity method		
Amount arising during the year	¥ (419)	¥ (637)
Reclassification adjustment	126	(3)
Share of other comprehensive income of entities accounted for using the equity method	¥ (292)	¥ (640)
Total other comprehensive income	¥ 13,311	¥ 5,546

5. Notes to Consolidated Statements of Changes in Net Assets

(a) Class and Total Number of Issued Shares and Treasury Shares

Class and total number of issued shares and treasury shares for the years ended March 31, 2018 and 2019 were as follows:

For the year ended March 31, 2018

	(Thousands of shares)			
	Number of shares as of March 31, 2017	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2018
Issued shares				
Common shares	4,983,165	—	4,484,849	498,316
Class A shares	200	—	—	200
Class C shares	11,363	—	10,227	1,136
Total	4,994,729	—	4,495,076	499,652
Treasury shares				
Common shares	10,556	46	9,535	1,067
Total	10,556	46	9,535	1,067

- Notes:
1. Every 10 common shares and every 10 Class C shares were consolidated into 1 single share as of October 1, 2017. Due to this share consolidation, total issued shares decreased by 4,495,076 thousand shares, resulting in 499,652 thousand shares remaining issued as of the year ended March 31, 2018.
 2. The increase of 46 thousand shares in common shares of treasury shares consisted of an increase of 28 thousand shares due to the addition of the Company's common shares which were held by a new affiliate accounted for using the equity method, an increase of 11 thousand shares due to the purchase of shares less than one trading unit, an increase of 5 thousand shares due to the purchase of fractional shares generated from the share consolidation, and an increase of 0 thousand shares due to the increase in the attribution ratio of the Company's common shares which was held by the newly consolidated subsidiary from the affiliate accounted for using the equity method.
 3. The decrease of 9,535 thousand shares in common shares of treasury shares consisted of the decrease of 9,534 thousand shares due to the share consolidation and the decrease of 0 thousand shares due to the sale of shares less than one trading unit.

Notes to Consolidated Financial Statements

For the year ended March 31, 2019

	(Thousands of shares)			Number of shares as of March 31, 2019
	Number of shares as of March 31, 2018	Increase in number of shares	Decrease in number of shares	
Issued shares				
Common shares	498,316	34,100	—	532,416
Class A shares	200	—	92	108
Class C shares	1,136	—	341	795
Total	499,652	34,100	433	533,319
Treasury shares				
Common shares	1,067	41	3	1,104
Class A shares	—	92	92	—
Class C shares	—	341	341	—
Total	1,067	474	436	1,104

- Notes: 1. The increase of 34,100 thousand shares in common shares of issued shares, the increase and decrease of 341 thousand shares in Class C shares of treasury shares was due to the acquisition by exercising the call option with common shares as consideration and cancellation of treasury shares (Class C shares) on July 23, 2018.
2. The decrease of 92 thousand shares in Class A shares of issued shares, the increase and decrease of 92 thousand shares in Class A shares of treasury shares was due to the acquisition and cancellation of treasury shares (Class A shares) on January 30, 2019.
- The Company adopted the resolution concerning the acquisition and cancellation of the remaining 108 thousand shares in Class A shares at the meeting of its Board of Directors on June 11, 2019. Based on this, the Company acquired and cancelled of treasury shares (Class A shares) on June 21, 2019.
3. The increase of 41 thousand shares in common shares of treasury shares consisted of the increase of 35 thousand shares due to the acquisition of shares owned by untraceable shareholders and the increase of 5 thousand shares due to the purchase of shares less than one trading unit.
4. The decrease of 3 thousand shares in common shares of treasury shares consisted of the decrease of 3 thousand shares due to the sale of the Company's common shares which were held by the consolidated subsidiary and the decrease of 0 thousand shares 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 for the years ended March 31, 2018 and 2019 were as follows:

For the year ended March 31, 2018

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, 2018 (Millions of yen)
			Number of shares as of March 31, 2017	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2018	
The Company	Share acquisition rights as a stock option	—	—	—	—	—	98
Consolidated subsidiaries	—	—	—	—	—	—	8
Total		—	—	—	—	—	106

For the year ended March 31, 2019

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, 2019 (Millions of yen)
			Number of shares as of March 31, 2018	Increase in number of shares	Decrease in number of shares	Number of shares as of March 31, 2019	
The Company	Share acquisition rights as a stock option	—	—	—	—	—	227
Consolidated subsidiaries	—	—	—	—	—	—	8
Total		—	—	—	—	—	235

Notes to Consolidated Financial Statements

(c) Dividends

Items related to dividends for the years ended March 31, 2018 and 2019 were as follows:

For the year ended March 31, 2018

(1) Dividends paid

No dividend payment was made during the year ended March 31, 2018.

(2) Dividends for which the record date was within the year ended March 31, 2018, with effective date falling in the following fiscal year were as follows:

Resolutions	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on April 26, 2018	Common shares	Retained earnings	4,972	10	March 31, 2018	May 30, 2018
Board of Directors meeting on April 26, 2018	Class A shares	Retained earnings	14,983	74,916.50	March 31, 2018	May 29, 2018
Board of Directors meeting on April 26, 2018	Class C shares	Retained earnings	1,136	1,000	March 31, 2018	May 30, 2018

For the year ended March 31, 2019

(1) Dividends paid

Resolutions	Class of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on April 26, 2018	Common shares	4,972	10	March 31, 2018	May 30, 2018
Board of Directors meeting on April 26, 2018	Class A shares	14,983	74,916.50	March 31, 2018	May 29, 2018
Board of Directors meeting on April 26, 2018	Class C shares	1,136	1,000	March 31, 2018	May 30, 2018

(2) Dividends for which the record date was within the year ended March 31, 2019, with effective date falling in the following fiscal year were as follows:

Resolutions	Class of shares	Source of dividends	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on May 9, 2019	Common shares	Retained earnings	10,626	20	March 31, 2019	June 5, 2019
Board of Directors meeting on May 9, 2019	Class A shares	Retained earnings	2,836	26,263.60	March 31, 2019	June 4, 2019
Board of Directors meeting on May 9, 2019	Class C shares	Retained earnings	1,590	2,000	March 31, 2019	June 5, 2019

6. Notes to Consolidated Statements of Cash Flows

(a) Reconciliation of cash and cash equivalents and cash and deposits on the consolidated balance sheets

Reconciliation of cash and cash equivalents and cash and deposits on the consolidated balance sheets as of March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Cash and deposits	¥ 422,302	¥ 266,648
Time deposits with maturity over 3 months or pledged as collateral	(18,301)	(37,850)
Cash and cash equivalents	¥ 404,001	¥ 228,798

(b) Major components of assets and liabilities of newly consolidated subsidiaries acquired by purchase of shares

Major components of assets and liabilities of newly consolidated subsidiaries acquired by purchase of shares were as follows:

Fiscal year ended March 31, 2018

The information is omitted as it is immaterial.

Fiscal year ended March 31, 2019

The components of assets and liabilities of SAIGON STEC Co., LTD. acquired by purchase of shares at the start of its consolidation, and the relationship between the acquisition cost of their shares and the related proceeds (net amount) were as follows:

	Yen (millions)
Current assets	¥ 10,496
Non-current assets	10,828
Goodwill	323
Current liabilities	18,503
Non-current liabilities	2,593
Foreign currency translation adjustments	108
Non-controlling interests	111
Acquisition cost of shares	331
Cash and Cash equivalents	776
Net: proceeds from purchase	¥ 444

Notes to Consolidated Financial Statements

The components of assets and liabilities of Dynabook Inc. and other 7 newly consolidated subsidiaries acquired by purchase of shares at the start of their consolidation, and the relationship between the acquisition cost of their shares and the related proceeds (net amount) were as follows:

	Yen (millions)
Current assets	¥ 75,908
Non-current assets	2,048
Current liabilities	61,177
Non-current liabilities	6,045
Gain on bargain purchase	3,936
Non-controlling interests	2,136
Acquisition cost of shares	4,661
Accounts payable — other	(656)
Cash and Cash equivalents	17,015
Net: proceeds from purchase	¥ 13,010

As of March 31, 2019, the purchase price allocation for Dynabook Inc. and other 7 newly consolidated subsidiaries was not completed and the Company used a provisional accounting treatment based on available reasonable information at the time.

(c) Significant Non-cash Transactions

Newly recorded assets and liabilities related to finance leases were as follows:

	Yen (millions)	
	2018	2019
Assets and liabilities related to finance lease transactions	¥ —	¥ 27,204

7. Leases

Operating leases

(a) As lessee

Future minimum lease payments for only non-cancelable contracts as of March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Due within one year	¥ 2,790	¥ 3,073
Due after one year	9,135	9,949
	¥ 11,925	¥ 13,023

(b) As lessor

Future minimum lease receipts for only non-cancelable contracts as of March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Due within one year	¥ 1,280	¥ 1,378
Due after one year	2,556	2,540
	¥ 3,836	¥ 3,919

8. Financial Instruments

(a) Qualitative information on financial instruments

(1) Policies for financial instruments

The Company and its consolidated subsidiaries obtain necessary funds mainly through bank loans and issuing bonds according to its capital investment plan for its main business of manufacturing and distributing electronic communication equipment, electronic equipment, 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 risk and not for speculative or dealing purposes.

(2) Description and risks of financial instruments

Notes and accounts receivable are exposed to customer credit risk. Some notes and accounts receivable are denominated in foreign currencies because the Company conducts business globally and, therefore, is exposed to foreign currency risk. 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 are denominated in foreign currencies and, therefore, are exposed to foreign currency risk. 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 the long term to develop better business alliances and relationships with the Company's customers and suppliers. Other securities are exposed to market price fluctuation risk. Long-term loans payable and bonds payable are mainly for capital investments. The longest repayment or redemption term is 7 years and 1 month from March 31, 2019.

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

(3) Risk management of financial instruments

i) Management of credit risk

For notes and accounts receivable, the Company periodically reviews the status of its key customers, monitoring their respective payment deadlines and remaining outstanding balances. The Company strives to recognize and reduce the risk 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 risk

The Company decides basic policies for derivative transactions at the Foreign Exchange Administration Committee meeting which is held monthly and the Finance Administration Committee meeting which is required by the Company's internal procedure. 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. Its 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 issuer's financial position, 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 risk in financing activities

The Finance Division manages liquidity risk by preparing and updating financial plans based on reports from each section and through maintenance of ready liquidity.

(4) Supplementary explanation of fair value of financial instruments

The fair value of financial instruments is based on the quoted market price in an active market other than when a market price is not available, in which case the fair value is reasonably estimated. Since variable factors are incorporated in the determination of this reasonably estimated price, the valuation may vary if different assumptions were to be used.

The contract amount itself may not reflect the market risk associated with a derivative transaction.

(b) Fair value of financial instruments

The consolidated balance sheet amounts, fair values and differences between the two as of March 31, 2018 and 2019 are included in the tables below. Financial instruments for which fair values are considered too difficult to be estimated are not included in the tables. Refer to (Note 2) below for the details of such financial instruments.

Notes to Consolidated Financial Statements

	Yen (millions)		
	2018		
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and deposits	¥ 422,302	¥ 422,302	¥ —
(2) Notes and accounts receivable — trade	471,575	471,391	(184)
(3) Investment securities			
1) Shares of nonconsolidated subsidiaries and affiliates	0	1,250	1,250
2) Other securities	40,059	40,059	—
Total assets	¥ 933,937	¥ 935,003	¥ 1,065
(4) Notes and accounts payable — trade	¥ 384,966	¥ 384,966	¥ —
(5) Electronically recorded obligations — operating	44,511	44,511	—
(6) Short-term loans payable	81,256	81,256	—
(7) Bonds payable (including bonds expiring within one year)	40,000	40,043	43
(8) Long-term loans payable	507,027	507,768	741
Total liabilities	¥ 1,057,761	¥ 1,058,546	¥ 784
(9) Derivative transactions*			
1) Derivative transactions — hedge accounting not applied	¥ 995	¥ 995	¥ —
2) Derivative transactions — hedge accounting applied	(2,985)	(1,148)	1,837
Total derivative transactions	¥ (1,990)	¥ (153)	¥ 1,837

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

	Yen (millions)		
	2019		
	Consolidated Balance Sheet Amount	Fair Value	Difference
(1) Cash and deposits	¥ 266,648	¥ 266,648	¥ —
(2) Notes and accounts receivable — trade	539,927	539,504	(423)
(3) Investment securities			
1) Shares of nonconsolidated subsidiaries and affiliates	0	914	914
2) Other securities	35,190	35,190	—
Total assets	¥ 841,766	¥ 842,258	¥ 491
(4) Notes and accounts payable — trade	¥ 372,166	¥ 372,166	¥ —
(5) Electronically recorded obligations — operating	38,149	38,149	—
(6) Short-term loans payable	81,446	81,446	—
(7) Bonds payable (including bonds expiring within one year)	30,000	30,129	129
(8) Long-term loans payable	538,205	541,383	3,178
Total liabilities	¥ 1,059,967	¥ 1,063,274	¥ 3,307
(9) Derivative transactions*			
1) Derivative transactions — hedge accounting not applied	¥ 1,184	¥ 1,184	¥ —
2) Derivative transactions — hedge accounting applied	(13)	(548)	(535)
Total derivative transactions	¥ 1,171	¥ 636	¥ (535)

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

(Note 1) Methods of calculating the fair value of financial instruments and matters related to securities and derivative transactions

(1) Cash and deposits

The fair value of deposits approximates their book value due to their short maturity periods.

(2) Notes and accounts receivable — trade

The fair value of notes and accounts receivable — trade due within a year approximates their book value. The fair value of notes and accounts receivable with long maturity periods is discounted using a rate which reflects both the period until maturity and credit risk.

(3) Investment securities

The fair value of investment securities is based on the average quoted market price during the last month of the fiscal year.

(4) Notes and accounts payable — trade

The fair value of notes and accounts payable — trade approximates their book value due to their short maturity periods.

(5) Electronically recorded obligations — operating

The fair value of electronically recorded obligations — operating approximates their book value due to their short maturity periods.

(6) Short-term loans payable

The fair value of short-term loans payable approximates their book value due to their short maturity periods.

(7) Bonds payable

The fair value of bonds payable is determined by market price.

(8) Long-term loans payable

The fair value of long-term loans payable is determined by the total amount of the principal and interest using the rate which would apply if similar borrowings were newly made.

(9) Derivative transactions

The fair value of forward exchange contracts is calculated based on forward exchange market rate.

The fair value of interest rate swaps is calculated based on the asking price offered by the financial institutions with which the Company enters into has such transactions.

(Note 2) Financial instruments of which fair values are considered too difficult to be estimated are unlisted stocks of ¥80,606 million as of March 31, 2018 and ¥72,108 million as of March 31, 2019, and investments in capital of ¥51,396 million as of March 31, 2018 and ¥78,484 million as of March 31, 2019. Since there are no available quoted market prices and it is too difficult to estimate their fair values, they are not included in “(3) Investment securities”.

Notes to Consolidated Financial Statements

(Note 3) Aggregate maturity of cash and deposits, and receivables as of March 31, 2018 and 2019 were as follows:

	Yen (millions)		
	2018		
	Cash and deposits	Notes and accounts receivable – trade	Total
Due within one year	¥ 422,302	¥ 458,059	¥ 880,361
Due after one year, within five years	—	13,516	13,516
Due after five years, within ten years	—	—	—
Due after ten years	—	—	—

	Yen (millions)		
	2019		
	Cash and deposits	Notes and accounts receivable – trade	Total
Due within one year	¥ 266,648	¥ 529,494	¥ 796,142
Due after one year, within five years	—	10,433	10,433
Due after five years, within ten years	—	—	—
Due after ten years	—	—	—

9. Investment Securities

(a) Other securities

Other securities with available fair market values as of March 31, 2018 and 2019 were as follows:

	Yen (millions)			
	2018			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 16,989	¥ 23,365	¥ (296)	¥ 40,059
	¥ 16,989	¥ 23,365	¥ (296)	¥ 40,059

	Yen (millions)			
	2019			
	Acquisition cost	Unrealized gains	Unrealized losses	Fair market value
Equity securities	¥ 16,976	¥ 18,635	¥ (421)	¥ 35,190
	¥ 16,976	¥ 18,635	¥ (421)	¥ 35,190

Unlisted stocks and others (of which book values were recorded as ¥56,130 million for the year ended March 31, 2018 and ¥85,077 million for the year ended March 31, 2019) are not included in the above table because they do not have market prices.

The proceeds from sales of other securities were ¥74 million for the year ended March 31, 2019. The gross realized gains on those sales were ¥57 million for the year ended March 31, 2019. The gross realized losses on those sales were zero for the year ended March 31, 2019.

No item classified as other securities was sold during the year ended March 31, 2018.

10. Derivative Transactions

(a) Derivative transactions — hedge accounting not applied

Currency-related transactions

Classification	Type of derivatives	Yen (millions)			
		2018			
		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	¥ 48,187	¥ —	¥ 2,142	¥ 2,142
	Euro	9,858	—	101	101
	New Zealand dollar	2,331	—	82	82
	Russian rouble	553	—	14	14
	Canadian dollar	154	—	12	12
	Australian dollar	86	—	6	6
	Singapore dollar	46	—	—	—
	Thai baht	41	—	1	1
	Polish zloty	31	—	(0)	(0)
	Buy				
	U.S. dollar	39,297	—	(1,367)	(1,367)
	Japanese yen	2,115	—	(7)	(7)
	Thai baht	839	—	8	8
Total		¥ 103,543	¥ —	¥ 995	¥ 995

*Fair value of forward exchange contracts is calculated based on forward exchange market rate.

Notes to Consolidated Financial Statements

		Yen (millions)			
		2019			
Classification	Type of derivatives	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	¥ 42,230	¥ —	¥ 197	¥ 197
	New Zealand dollar	2,331	—	82	82
	Canadian dollar	884	—	16	16
	Pound sterling	584	—	(4)	(4)
	Russian rouble	242	—	19	19
	Swedish krona	132	—	(0)	(0)
	Euro	128	—	3	3
	Swiss franc	88	—	(0)	(0)
	Australian dollar	55	—	2	2
	Danish krone	13	—	(0)	(0)
	Norwegian krone	1	—	0	0
	Hungarian forint	1	—	0	0
	Buy				
	U.S. dollar	69,995	—	860	860
	Canadian dollar	1,042	—	8	8
	Euro	13	—	0	0
	Chinese yuan	2	—	0	0
Total		¥ 117,749	¥ —	¥ 1,184	¥ 1,184

*Fair value of forward exchange contracts is calculated based on forward exchange market rate.

(b) Derivative transactions — hedge accounting applied

(1) Currency-related transactions

			Yen (millions)		
			2018		
Hedge accounting method	Type of derivatives	Hedged item	Contract amount	Amount of contract due after one year	Fair value
Principle-based accounting	Forward exchange contracts				
	Sell	Accounts receivable — trade			
	U.S. dollar		¥ 49,595	¥ —	¥ 1,342
	Euro		8,415	—	45
	Pound sterling		2,905	—	(20)
	Swedish krona		870	—	(3)
	Canadian dollar		570	—	(3)
	Swiss franc		381	—	—
	Australian dollar		324	—	(0)
	Danish krone		223	—	(0)
	Norwegian krone		196	—	(1)
	Russian rouble		155	—	(0)
	Polish zloty		150	—	(1)
	Czech koruna		150	—	(0)
	New Zealand dollar		146	—	(0)
	Thai baht		100	—	(1)
	Hungarian forint		77	—	—
	Buy	Accounts payable — trade			
	U.S. dollar		131,847	—	(4,077)
	Japanese yen		6	—	—
Deferral hedge accounting	Forward exchange contracts				
	Sell	Accounts receivable — trade			
	U.S. dollar		117,503	—	4,573
	Euro		0	—	(0)
	Buy	Accounts payable — trade			
	U.S. dollar		55,997	—	(2,736)
Total			¥ 369,621	¥ —	¥ (885)

*Fair value of forward exchange contracts is calculated based on forward exchange market rate.

Notes to Consolidated Financial Statements

Hedge accounting method	Type of derivatives	Hedged item	Yen (millions)		
			2019	Amount of contract due after one year	Fair value
Principle-based accounting	Forward exchange contracts				
	Sell	Accounts receivable — trade			
	U.S. dollar		¥ 61,348	¥ —	¥ (16)
	Pound sterling		1,690	—	(11)
	Swiss franc		269	—	(4)
	Swedish krona		230	—	(4)
	Russian rouble		116	—	(8)
	Danish krone		98	—	(0)
	Norwegian krone		80	—	(1)
	Czech koruna		70	—	(0)
	Polish zloty		70	—	(0)
	Hungarian forint		30	—	0
	New Zealand dollar		6	—	(0)
	Buy	Accounts payable — trade			
	U.S. dollar		103,686	—	267
	Japanese yen		9	—	0
	Canadian dollar		1	—	(0)
Deferral hedge accounting	Forward exchange contracts				
	Sell	Accounts receivable — trade			
	U.S. dollar		157,226	—	(640)
	Buy	Accounts payable — trade			
	U.S. dollar		41,819	—	105
	Euro		33	—	(0)
	Singapore dollar		9	—	0
Total			¥ 366,799	¥ —	¥ (313)

*Fair value of forward exchange contracts is calculated based on forward exchange market rate.

(2) Interest rate-related transactions

Hedge accounting method	Type of derivatives	Hedged item	Yen (millions)		
			2018	Amount of contract due after one year	Fair value
Principle-based accounting	Interest rate swaps	Long-term loans payable			
	Pay fixed/receive floating		¥ 30,000	¥ 30,000	¥ (263)
Total			¥ 30,000	¥ 30,000	¥ (263)

*Fair value of interest rate swaps is calculated based on the asking price offered by the financial institutions with which the Company enters into such transactions.

Hedge accounting method	Type of derivatives	Hedged item	Yen (millions)		
			2019	Amount of contract due after one year	Fair value
Principle-based accounting	Interest rate swaps	Long-term loans payable			
	Pay fixed/receive floating		¥ 20,000	¥ 20,000	¥ (235)
Total			¥ 20,000	¥ 20,000	¥ (235)

*Fair value of interest rate swaps is calculated based on the asking price offered by the financial institutions with which the Company enters into such transactions.

11. Bonds Payable, Loans Payable and Lease Obligations

(a) Bonds payable

Bonds payable as of March 31, 2018 and 2019 consisted of the following:

	Yen (millions)	
	2018	2019
2.068% unsecured straight bonds, the date of maturity on March 19, 2019	¥ 10,000	—
1.604% unsecured straight bonds, the date of maturity on September 13, 2019	30,000	30,000
	¥ 40,000	¥ 30,000

The aggregate annual maturities of bonds payable as of March 31, 2019 were as follows:

Years ending March 31	Yen (millions)
2020	¥ 30,000
2021	—
2022	—
2023	—
2024	—
2025 and thereafter	—

Notes to Consolidated Financial Statements

(b) Loans payable and lease obligations

Loans payable and lease obligations as of March 31, 2018 and 2019 consisted of the following:

	Yen (millions)	
	2018	2019
Short-term loans payable with the following interest rates		
0.8% as of March 31, 2018 and 1.2% as of March 31, 2019	¥ 59,818	¥ 79,741
Current portion of long-term loans payable with the following interest rates		
1.9% as of March 31, 2018 and 2.0% as of March 31, 2019	21,438	1,704
Current portion of lease obligations with the following interest rates		
5.5% as of March 31, 2018 and 2.5% as of March 31, 2019	4,279	4,362
Long-term loans payable (except portion due within one year) with the following interest rates		
0.4% as of March 31, 2018 and 0.5% as of March 31, 2019	507,027	538,205
Lease obligations (except portion due within one year) with the following interest rates		
3.1% as of March 31, 2018 and 2.3% as of March 31, 2019	5,219	13,193
	¥ 597,783	¥ 637,208

Interest rates shown are weighted average interest rates for the balance outstanding as of March 31, 2018 and 2019 respectively.

The aggregate annual maturities of long-term loans payable (except portion due within one year) as of March 31, 2019 were as follows:

Years ending March 31	Yen (millions)
2021	¥ 1,223
2022	11,803
2023	586
2024	146
2025 and thereafter	524,445

The aggregate annual maturities of lease obligations due within 5 years (except portion due within one year) as of March 31, 2019 were as follows:

Years ending March 31	Yen (millions)
2021	¥ 3,926
2022	2,264
2023	1,613
2024	1,365

12. Defined benefit 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 domestic consolidated subsidiaries adopt a simplified accounting method, and such figures are simply included in the amounts under the standard method in this note, since they are immaterial.

Certain overseas consolidated subsidiaries primarily have defined contribution pension plans and lump-sum retirement benefit plans.

(b) Reconciliations of the defined benefit obligations

Reconciliations of the defined benefit obligations of the Company and its consolidated subsidiaries as of March 31, 2018 and 2019 consisted of the following:

	Yen (millions)	
	2018	2019
Defined benefit obligation at beginning of year	¥ 351,120	¥ 349,184
Service cost	10,986	10,760
Interest cost	3,250	3,205
Actuarial loss (gain)	(2,863)	3,817
Benefits paid	(17,721)	(21,907)
Increase from newly consolidated subsidiaries	972	13,962
Other	2,007	(3)
Foreign currency exchange rate changes	1,431	(766)
Defined benefit obligation at end of year	¥ 349,184	¥ 358,253

Notes to Consolidated Financial Statements

(c) Reconciliations of the fair value of plan assets

Reconciliations of the fair value of plan assets of the Company and its consolidated subsidiaries as of March 31, 2018 and 2019 consisted of the following:

	Yen (millions)	
	2018	2019
Fair value of plan assets at beginning of year	¥ 241,345	¥ 250,869
Expected return on plan assets	6,915	7,194
Actuarial gain (loss)	2,434	(3,269)
Employer contribution	13,690	13,176
Benefits paid	(17,293)	(21,251)
Increase from newly consolidated subsidiaries	858	9,721
Other	1,134	(122)
Foreign currency exchange rate changes	1,784	(529)
Fair value of plan assets at end of year	¥ 250,869	¥ 255,789

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

Reconciliations of the defined benefit obligation and the fair value of the plan assets and the amount recognized in the consolidated balance sheets as of March 31, 2018 and 2019 consisted of the following:

	Yen (millions)	
	2018	2019
Funded defined benefit obligation at end of year	¥ 343,869	¥ 348,873
Fair value of plan assets at end of year	(250,869)	(255,789)
Funded status at end of year	93,000	93,083
Unfunded defined benefit obligation at end of year	5,314	9,379
Total net defined benefit liability	¥ 98,314	¥ 102,463
Net defined benefit liability	101,101	106,636
Net defined benefit asset	(2,786)	(4,172)
Total net defined benefit liability	¥ 98,314	¥ 102,463

(e) Expenses for the net defined benefit liability

Expenses for the net defined benefit liability of the Company and its consolidated subsidiaries for the years ended March 31, 2018 and 2019 consisted of the following:

	Yen (millions)	
	2018	2019
Service cost	¥ 10,986	¥ 10,760
Interest cost	3,250	3,205
Expected return on plan assets	(6,915)	(7,194)
Amortization of net actuarial loss	11,968	11,357
Amortization of past service cost	(44)	(86)
Other	105	124
Total expenses for the net defined benefit liability	¥ 19,350	¥ 18,166

(f) Amounts recognized in remeasurements of defined benefit plans (other comprehensive income)

Amounts recognized in remeasurements of defined benefit plans (other comprehensive income) for the years ended March 31, 2018 and 2019 before the effect of income taxes consisted of the following:

	Yen (millions)	
	2018	2019
Past service cost	¥ 11	¥ (52)
Net actuarial gain	17,457	3,998
Total	¥ 17,468	¥ 3,945

(g) Amounts recognized in remeasurements of defined benefit plans (accumulated other comprehensive income)

Amounts recognized in remeasurements of defined benefit plans (accumulated other comprehensive income) as of March 31, 2018 and 2019 before the effect of income taxes consisted of the following:

	Yen (millions)	
	2018	2019
Unrecognized past service cost	¥ 36	¥ (121)
Unrecognized net actuarial loss	85,336	81,549
Total	¥ 85,373	¥ 81,427

Notes to Consolidated Financial Statements

(h) Classification of the fair value of plan assets

Classification of the fair value of plan assets of the Company and its consolidated subsidiaries as of March 31, 2018 and 2019 consisted of the following:

	2018	2019
Bonds	26%	26%
Equity securities	19%	17%
Cash and cash equivalents	5%	2%
Life insurance company general accounts	13%	14%
Alternatives	27%	31%
Other	10%	10%
Total	100%	100%

Alternatives mainly consisted of investments in hedge funds.

(i) 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.

(j) Actuarial assumptions

	2018	2019
Discount rate	mainly 0.5%	mainly 0.5%
Long-term expected rate of return	mainly 2.7%	mainly 2.7%

In addition, the cost recognized for the defined contribution pension plans was ¥906 million for the year ended March 31, 2018 and ¥942 million for the year ended March 31, 2019.

13. Stock Options

(a) Expensed amount and account

The expensed amount and account for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Selling, general and administrative expenses	¥ 98	¥ 128

(b) 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)	Third stock options (resolved on August 28, 2018)
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	5 directors of the Company 15 employees of the Company
Number of stock options by class of shares (Note 1)	81,100 common shares	45,300 common shares	104,500 common shares
Grant date	April 21, 2017	September 28, 2017	September 3, 2018
Vesting conditions	See (Note 2)	See (Note 2)	See (Note 2)
Service period	From April 21, 2017 to April 20, 2019	From September 28, 2017 to September 27, 2019	From September 3, 2018 to September 2, 2020
Exercise period	From April 21, 2019 to April 21, 2024	From September 28, 2019 to September 28, 2024	From September 3, 2020 to September 3, 2025

(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, or the Company's subsidiaries and affiliates at the time of the exercise. However, the grantees can exercise their stock options without satisfying the above conditions in case that it is agreed in writing at the Board of Directors meeting considering various factors.

Notes to Consolidated Financial Statements

(2) Size and changes of stock options

Stock options that existed for the year ended March 31, 2019 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)
Unvested stock options (shares)			
Balance on March 31, 2018	81,100	45,300	—
Granted	—	—	104,500
Nullified	3,000	3,200	2,000
Vested	—	—	—
Balance on March 31, 2019	78,100	42,100	102,500
Vested stock options (shares)			
Balance on March 31, 2018	—	—	—
Vested	—	—	—
Exercised	—	—	—
Nullified	—	—	—
Balance on March 31, 2019	—	—	—

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)	Third stock options (resolved on August 28, 2018)
Exercise price	¥ 4,120	¥ 3,400	¥ 2,717
Weighted-average share price at exercise	—	—	—
	(74,100 shares) 1,970		(54,500 shares) 1,010
Fair value at the grant date	(7,000 shares) 2,110	1,570	(35,000 shares) 1,041 (15,000 shares) 1,139

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.

(c) Estimation method of fair value of stock options

The fair value of the third stock options granted in the year ended March 31, 2019 was estimated as follows:

(1) Valuation method: Black-Scholes model

(2) Major basic figures and estimation method

	Third stock options (resolved on August 28, 2018)	
Share price volatility (Note 1)	(54,500 shares) (35,000 shares) (15,000 shares)	53.10% 52.10% 54.70%
Expected remaining life (Note 2)	(54,500 shares) (35,000 shares) (15,000 shares)	4.5 years 5.0 years 5.5 years
Expected dividend (Note 3)		¥ 10 per share
Risk-free interest rate (Note 4)	(54,500 shares) (35,000 shares) (15,000 shares)	(0.09%) (0.08%) (0.07%)

(Note 1) Calculated based on the actual share price over the following periods which corresponds to the expected remaining life.

Third stock options	(54,500 shares)	4.5 years from February 24, 2014 to August 27, 2018
	(35,000 shares)	5.0 years from August 26, 2013 to August 27, 2018
	(15,000 shares)	5.5 years from February 25, 2013 to August 27, 2018

(Note 2) Estimated to be the period from the date of calculation to the middle points of the exercise periods since the period until the exercise date cannot be reasonably estimated, and the following dates have been picked up as the middle points of the exercise periods since stock options can be exercised gradually.

Third stock options	(54,500 shares)	March 3, 2023
	(35,000 shares)	September 3, 2023
	(15,000 shares)	March 3, 2024

(Note 3) Estimated as 10 Japanese yen based on the actual dividend for the year ended March 31, 2018.

(Note 4) The yield of Japanese Government bond over the corresponding period of the expected remaining life is applied.

(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 the reasonable estimation of future nullified number of stock options is difficult.

Notes to Consolidated Financial Statements

14. Income Taxes

The Company is subject to a number of different income taxes which, in the aggregate, indicate a statutory tax rate in Japan of approximately 30.6% for the year ended March 31, 2018 and approximately 30.4% for the year ended March 2019.

The Company and its wholly owned domestic subsidiaries have adopted the consolidated tax return system of Japan.

The significant differences between the statutory tax rate and the effective tax rate for financial statement purposes for the years ended March 31, 2018 and 2019 were as follows:

	2018	2019
Statutory tax rate	30.6%	30.4%
Foreign withholding tax	4.1	3.8
Tax credit	—	(2.8)
Income taxes for prior periods	3.9	—
Decrease in deferred tax assets due to change of federal tax rate in U.S.A.	2.1	—
Net decrease in valuation allowance and other	(15.7)	(28.8)
Differences in normal tax rates of overseas subsidiaries	(2.6)	(0.4)
Other	(1.5)	0.7
Effective tax rate	20.9%	2.9%

The significant components of deferred tax assets and deferred tax liabilities as of March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Deferred tax assets:		
Inventories	¥ 18,731	¥ 17,334
Accrued expenses	21,830	30,340
Provision for bonuses	5,802	5,372
Provision for sales promotion expenses	4,119	318
Valuation reserve for inventory purchase commitments	6,496	5,205
Net defined benefit liability	31,246	29,408
Buildings and structures	23,597	23,595
Machinery, equipment and vehicles	3,225	3,025
Software	4,731	5,056
Long-term prepaid expenses	11,485	9,136
Loss carried forward (*2)	323,193	302,063
Other	49,377	65,089
Gross deferred tax assets	503,836	495,948
Valuation allowance for tax loss carried forward (*2)	—	(300,171)
Valuation allowance for future deductible temporary difference and other	—	(163,476)
Total valuation allowance (*1)	(483,084)	(463,647)
Total deferred tax assets	¥ 20,752	¥ 32,300
Deferred tax liabilities:		
Retained earnings appropriated for tax allowable reserves	¥ (2,067)	¥ (1,314)
Valuation difference on available-for-sale securities	(7,466)	(5,988)
Other	(2,848)	(3,699)
Total deferred tax liabilities	¥ (12,382)	¥ (11,002)
Net deferred tax assets	¥ 8,369	¥ 21,297

(*1) Total valuation allowance as of March 31, 2019 decreased by 19,436 million Yen from the previous year. The main reason of this decrease was the expiration of the Company's loss carried forward and decrease in future deductible temporary difference.

(*2) Tax loss carried forward and its deferred tax assets amount by carry forward period as of March 31, 2019 were as follows:

	Yen (millions)		
	2019		
	Tax loss carried forward*	Valuation allowance	Deferred tax assets
Expire within one year	¥ 1,424	¥ (459)	¥ 965
Expire after one year, within two years	48,771	(48,771)	—
Expire after two years, within three years	112,760	(112,617)	142
Expire after three years, within four years	24,830	(24,830)	—
Expire after four years, within five years	27,099	(26,750)	348
Expire after five years	87,176	(86,741)	435
Total	¥ 302,063	¥ (300,171)	¥ 1,892

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

Notes to Consolidated Financial Statements

15. Business Combinations

The main business combinations conducted during the year ended March 31, 2019 were as follows:

Business Combination by means of Acquisition

(Acquisition of equity interests of SAIGON STEC Co., LTD. as a consolidated subsidiary)

(a) Details of business combination

- (1) Corporate name and field of business of acquired company
 - Corporate name
SAIGON STEC Co., LTD.
 - Field of business
Camera module manufacturing
- (2) Main reason for conducting business combination
To reinforce the cost competitiveness in the camera module businesses, whose markets are expected to expand in step with smartphones and tablet devices.
- (3) Date of business combination
April 13, 2018
- (4) Legal form of business combination
Acquisition of equity for cash consideration
- (5) Corporate name after business combination
SAIGON STEC Co., LTD.
- (6) Ratio of acquired voting rights
51.0%
- (7) Main reason for decision to acquire company
The company acquired equity of SAIGON STEC Co., LTD. In exchange for cash consideration.

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

July 1, 2018 to March 31, 2019

(c) Details of the acquisition costs for acquired company

	Yen (millions)
Consideration for the acquisition: Cash	¥ 331
Total acquisition costs	¥ 331

(d) Details of other costs directly incurred as part of the acquisition

¥14 million for advisory fees, etc.

(e) Amount of generated goodwill, reason for generation of goodwill, goodwill amortization method, and amortization period

- (1) Amount of generated goodwill
¥323 million
- (2) Reason for generation of goodwill
Due to expected excess earning power as a result of business expansion in the future
- (3) Goodwill amortization method and period
Amortization over one year

(f) Amount of assets accepted and liabilities assumed on the date of business combination and respective details

	Yen (millions)
Current assets	¥ 10,496
Non-current assets	10,828
Total assets	¥ 21,325
Current liabilities	18,503
Non-current liabilities	2,593
Total liabilities	¥ 21,097

(g) Estimated amount of impact on the consolidated statements of operation for the year ended March 31, 2019 assuming that the business combination was completed at the beginning of the year

	Yen (millions)
Net sales	¥ —
Operating loss	(717)
Ordinary loss	(893)
Loss before income taxes	(791)
Loss attributable to owners of parent	(403)
Loss per share (Yen)	(0.66)

The amount of impact above is estimated based on the statement of operations of SAIGON STEC Co., LTD. for the quarter ended June 30, 2018.

The estimated amounts have not been audited.

Notes to Consolidated Financial Statements

(Share acquisition of Toshiba Client Solutions Co., Ltd. as a consolidated subsidiary)

(a) Details of business combination

(1) Corporate name and field of business of acquired company

Corporate name

Toshiba Client Solutions Co., Ltd. ("TCS")

Field of business

Development, manufacture, sales, and support and service of PCs and system solutions products

(2) Main reason for conducting business combination

We intend to combine Sharp's cutting-edge technologies and devices, such as our displays and various sensors, with the leading-edge products and services that TCS possesses. These combined technologies, linked to our AIoT platforms, will enhance the added value of our products and services, promote the adoption of smart features in the home and office, and further strengthen our ability to offer competitive AIoT solutions in global markets.

(3) Date of business combination

October 1, 2018

(4) Legal form of business combination

Acquisition of equity for cash consideration

(5) Corporate name after business combination

Toshiba Client Solutions Co., Ltd. (Changed company name to Dynabook Inc. from January 1, 2019.)

(6) Ratio of acquired voting rights

80.1%

(7) Main reason for decision on acquiring company

The Company acquired equity of Toshiba Client Solutions Co., Ltd. for cash consideration.

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

October 1, 2018 to March 31, 2019

(c) Details of the acquisition costs for acquired company

	Yen (millions)
Consideration for the acquisition: Cash	¥ 4,661
Total acquisition costs	¥ 4,661

The consideration for the acquisition is the amount before reflecting the price adjustment specified in the contract.

(d) Details of other costs directly incurred as part of the acquisition

¥162 million of advisory fees, etc.

(e) Amount of recognized gain on bargain purchase, reason for recognizing gain on bargain purchase

(1) Amount of recognized gain on bargain purchase

¥3,936 million

The amount of gain on bargain purchase that occurred in connection with this event has been calculated provisionally, as the distribution of acquisition costs has not been completed.

(2) Reason for generation of gain on bargain purchase

Since the acquisition cost is less than the net assets at fair value as of the date of the business combination, the difference is recognized as a gain on bargain purchase.

(f) Amount of assets accepted and liabilities assumed on the date of business combination and their details

	Yen (millions)
Current assets	¥ 75,908
Non-current assets	2,048
Total assets	¥ 77,956
Current liabilities	61,177
Non-current liabilities	6,045
Total liabilities	¥ 67,222

(g) Estimated amount of impact on the consolidated statements of operation for the current fiscal year assuming that the business combination was completed on the beginning of the year

The estimated amount is not provided due to the difficulty of reasonable estimate.

Notes to Consolidated Financial Statements

Transaction under common control

(Absorption-type split of the Company's energy solution business)

(a) Overview of the transaction

(1) Corporate name and field of business

The Company's energy solution business (excluding part of manufacturing-related business*)

*Businesses related to the manufacturing of solar cell products at the Sakai Plant and compound solar cells at the Nara Plant

(2) Date of business combination

April 1, 2018

(3) Legal form of business combination

An absorption-type split

Splitting company

Company name: Sharp Corporation (the Company)

Succeeding company

Company name: Sharp Energy Solutions Corporation

(the Company's wholly owned consolidated subsidiary)

(4) Company name after business combination

Sharp Energy Solutions Corporation

(5) Objective of business combination

Through this absorption-type split, Sharp Energy Solutions Corporation intends to expand sales by taking advantage of its strength in conducting all activities from sales, installation and after-sales service for every solar power generation system in Japan and overseas. It also seeks to improve profitability by accelerating the simplification of its organization and streamlining of overlapping work.

(b) Overview of the accounting treatment

This Transaction is treated as a transaction under common control in accordance with *Revised Accounting Standard for Business Combinations* (ASBJ Statement No.21, September 13, 2013) and *Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures* (ASBJ Guidance No.10, September 13, 2013).

(Absorption-type split of the international purchasing business in Hong Kong)

(a) Overview of the transaction

(1) Corporate name and field of business

International purchasing business at the Hong Kong branch of Sharp Electronics (Malaysia) Sdn. Bhd.

(the Company's wholly owned consolidated subsidiary, hereinafter referred to as "SEM")

(2) Date of business combination

April 1, 2018

(3) Legal form of business combination

An absorption-type split

Splitting company

Company name: SEM

Succeeding company

Company name: Sharp Hong Kong Limited

(the Company's wholly owned non-consolidated subsidiary)

(4) Company name after business combination

Sharp Hong Kong Limited

(5) Objective of business combination

Through this absorption-type split, Sharp Hong Kong Limited intends to reduce costs by simplifying the Group's organizations and operations in the Hong Kong and Macao region and by streamlining overlapping work, thereby improving its profitability.

(b) Overview of the accounting treatment

This Transaction is treated as a transaction under common control in accordance with *Revised Accounting Standard for Business Combinations* (ASBJ Statement No.21, September 13, 2013) and *Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures* (ASBJ Guidance No.10, September 13, 2013).

Notes to Consolidated Financial Statements

16. Segment Information

(a) General information about reportable segments

The Company's chief operating decision maker is its Board of Directors. The Company's reportable segments are components of the Group that engage in business activities, whose operating results are regularly reviewed by the Board of Directors when making resource allocation and performance assessment decisions, and for which discrete financial information is available.

On May 26, 2017, the Sharp Group 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.

In the second quarter of the year ended March 31, 2019, the Advanced Equipment Development Business, formerly included in the Smart Business Solutions segment, was reclassified to the IoT Electronics Devices segment, following an organizational reform.

Segment information as of and for the year ended March 31, 2018 is stated based on the new segmentation.

(b) Basis of measurement of reported segment sales, income or loss, segment assets and other material items

The accounting policies for the reportable segments are consistent with the Company's accounting policies used in the preparation of its consolidated financial statements. Intersegment sales and income (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 reported segment sales, income or loss, segment assets and other material items

Segment information as of and for the years ended March 31, 2018 and 2019 was as follows:

	Yen (millions)	
	2018	2019
Net sales:		
Smart Homes:		
Customers	¥ 595,132	¥ 681,330
Intersegment	12,858	15,606
Total	607,990	696,936
Smart Business Solutions:		
Customers	318,074	319,215
Intersegment	9	1,188
Total	318,084	320,403
IoT Electronics Devices:		
Customers	462,297	441,231
Intersegment	42,269	57,862
Total	504,566	499,094
Advance Display Systems:		
Customers	1,051,767	958,295
Intersegment	34,802	1,394
Total	1,086,570	959,689
Adjustments	(89,940)	(76,051)
Consolidated net sales	¥ 2,427,271	¥ 2,400,072
Segment income (loss):		
Smart Homes	¥ 43,723	¥ 48,018
Smart Business Solutions	21,969	21,699
IoT Electronics Devices	3,332	2,894
Advance Display Systems	37,041	27,066
Adjustments	(15,942)	(15,538)
Consolidated operating profit	¥ 90,125	¥ 84,140
Segment assets:		
Smart Homes	¥ 307,005	¥ 312,046
Smart Business Solutions	141,001	176,512
IoT Electronics Devices	261,483	216,353
Advance Display Systems	590,575	551,504
Adjustments	608,395	609,932
Consolidated assets	¥ 1,908,461	¥ 1,866,349
Other material items		
Depreciation and amortization:		
Smart Homes	¥ 17,986	¥ 16,980
Smart Business Solutions	13,420	12,188
IoT Electronics Devices	20,088	28,288
Advance Display Systems	21,057	18,978
Adjustments	2,056	1,582
The amount presented in consolidated financial statements	¥ 74,610	¥ 78,018

Notes to Consolidated Financial Statements

	Yen (millions)	
	2018	2019
Amortization of goodwill:		
Smart Homes	¥ —	¥ —
Smart Business Solutions	1,481	1,289
IoT Electronics Devices	—	749
Advance Display Systems	1,043	1,033
Adjustments	—	—
The amount presented in consolidated financial statements	¥ 2,525	¥ 3,072
Investments in nonconsolidated subsidiaries and affiliates accounted for using the equity method:		
Smart Homes	¥ 211	¥ 392
Smart Business Solutions	—	—
IoT Electronics Devices	—	1,336
Advance Display Systems	39,825	28,657
Adjustments	35,119	34,435
The amount presented in consolidated financial statements	¥ 75,157	¥ 64,822
Increase in property, plant, equipment and intangible assets:		
Smart Homes	¥ 10,965	¥ 12,333
Smart Business Solutions	17,227	11,064
IoT Electronics Devices	75,116	25,963
Advance Display Systems	40,619	27,686
Adjustments	1,224	2,636
The amount presented in consolidated financial statements	¥ 145,153	¥ 79,684

Adjustments of segment income or loss were ¥(15,942) million and ¥(15,538) million for the years ended March 31, 2018 and 2019, respectively, and comprised elimination of intersegment transactions and corporate expenses not allocated to each reportable segment.

Elimination of intersegment transactions for segment income (loss) were ¥61 million and ¥(11) million, respectively. Corporate expenses not allocated to each reportable segment were ¥(13,709) million and ¥(16,225) million for the years ended March 31, 2018 and 2019, 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 ¥608,395 million and ¥609,932 million as of March 31, 2018 and 2019, respectively, and comprised elimination of intersegment transactions and corporate assets not allocated to each reportable segment.

Elimination of intersegment transactions for segment assets were ¥(5,968) million and ¥(6,408) million, respectively. Corporate assets not allocated to each reportable segment were ¥614,363 million and ¥616,341 million as of March 31, 2018 and 2019, 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 the equity method were ¥35,119 million and ¥34,435 million as of March 31, 2018 and 2019, respectively, and mainly comprised investments in Sharp Finance Corporation.

Adjustments of increase in property, plant, equipment and intangible assets were ¥1,224 million and ¥2,636 million for the years ended March 31, 2018 and 2019, respectively, and mainly comprised increases in the Company's R&D groups, and the administrative groups of the Company's headquarters.

Depreciation and amortization 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 for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Net sales to outside customers:		
LCD modules	¥ 660,479	¥ 710,842
LCD color TVs	367,014	218,425
Sensing devices	392,402	362,005
Other	1,007,375	1,108,798
Total	¥ 2,427,271	¥ 2,400,072

(2) Net sales by region/country

Net sales by region/country for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Net sales:		
Japan	¥ 656,144	¥ 719,424
China	1,157,370	1,050,536
Asia	218,087	240,230
Other	395,669	389,881
Total	¥ 2,427,271	¥ 2,400,072

Net sales are classified according to regions or countries where customers are located.

Notes to Consolidated Financial Statements

Changes in presentation method:

'Asia' has been separated from 'Other' in the year ended March 31, 2019 since its financial materiality has increased.

As a result, ¥613,756 million of 'Other' for the year ended March 31, 2018 has been reclassified as ¥218,087 million of 'Asia' and ¥395,669 million of 'Other'.

(3) Property, plant and equipment by region/country

Property, plant and equipment by region/country as of March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Property, plant and equipment, at cost less accumulated depreciation:		
Japan	¥ 314,799	¥ 293,300
Asia	53,628	58,747
Other	60,167	52,989
Total	¥ 428,595	¥ 405,038

Changes in presentation method:

'Asia' has been separated from 'Other' in the year ended March 31, 2019 since its financial materiality has increased. Also 'China', which was separately presented in the year ended March 31, 2018, has been included in 'Other', since its financial materiality has decreased in the year ended March 31, 2019.

As a result, ¥46,003 million of 'China' and ¥67,792 million of 'Other' for the year ended March 31, 2018 has been reclassified as ¥53,628 million of 'Asia' and ¥60,167 million of 'Other'.

(4) Major customers and related sales amount

Major customers and related sales amount as of and for the year ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Net sales:		
APPLE INC.	¥ 575,836	¥ 563,336
Related segments:		
IoT Electronics Devices and Advance Display Systems for the years ended March 31, 2018 and 2019.		

(e) Impairment loss on fixed assets by reportable segment

Impairment loss on fixed assets by reportable segment for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Impairment loss:		
Smart Homes	¥ 583	¥ 167
Smart Business Solutions	808	—
IoT Electronics Devices	245	970
Advance Display Systems	—	5,166
Corporate Assets and Elimination	306	—
Total	¥ 1,943	¥ 6,304

(f) Amortization of goodwill and unamortized balance by reportable segment

Amortization of goodwill and the unamortized balance by reportable segment as of and for the years ended March 31, 2018 and 2019 were as follows:

	Yen (millions)	
	2018	2019
Amortization of goodwill:		
Smart Homes	¥ —	¥ —
Smart Business Solutions	1,481	1,289
IoT Electronics Devices	—	749
Advance Display Systems	1,043	1,033
Corporate Assets and Elimination	—	—
Total	¥ 2,525	¥ 3,072

Balance at end of year:

	2018	2019
Smart Homes	¥ —	¥ —
Smart Business Solutions	5,158	7,526
IoT Electronics Devices	499	83
Advance Display Systems	6,306	—
Corporate Assets and Elimination	—	—
Total	¥ 11,964	¥ 7,610

¥5,166 million of impairment loss was recorded for the year ended March 31, 2019 regarding the goodwill attributable to the Advance Display Systems segment.

Notes to Consolidated Financial Statements

(g) Gain on bargain purchase by reportable segment

For the year ended March 31, 2018 gain on bargain purchase by reportable segment is omitted as it is immaterial.

For the year ended March 31, 2019, ¥3,936 million of gain on bargain purchase was recorded under the Smart Home segment. It is derived from the acquisition of Toshiba Client Solutions Co., Ltd. which is included in our consolidation.

Toshiba Client Solutions Co., Ltd. has changed its name to Dynabook Inc. on January 1, 2019.

17. Transactions with Related Parties

(a) Transactions with related parties

(1) Transactions between the Company and related parties

i) The Company's parent company and major corporate shareholders

Principal transactions with related parties for the year ended March 31, 2018 were as follows:

Category	Parent company
Company name	Hon Hai Precision Industry Co., Ltd.
Location	New Taipei City, Taiwan
Capital stock	173,287 million New Taiwan dollars
Details of business	Electronic manufacturing service
Holding or held ratio	26.2% held directly and 18.4% held indirectly [20.4%]
Relationship with the related party	Sales of goods from the Company; Holding a concurrent director
Detail of transaction	Sales of goods from the Company
Transaction amount	23,775 million yen
Account	Accounts receivable
Balance at end of year	20,309 million yen

Notes:

1. Transaction amounts were determined at proper prices upon negotiation.
2. The value in parentheses [] of "Holding or held ratio" refers to 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 a close relationship with Hon Hai Precision Industry Co., Ltd.

Principal transactions with related parties for the year ended March 31, 2019 were omitted as they were immaterial.

ii) The Company's non-consolidated subsidiaries and affiliates, etc.

Principal transactions with related parties for the year ended March 31, 2018 were as follows:

Category	Affiliate
Company name	Sakai Display Products Corporation
Location	Sakai City, Osaka
Capital stock	32,485 million yen
Details of business	Development, manufacture, distribution, export and import of LCD and other displays
Holding or held ratio	24.6% holding directly
Relationship with the related party	Purchases of goods by the Company
Detail of transaction	Purchases of goods by the Company
Transaction amount	56,008 million yen
Account	Accounts payable
Balance at end of year	25,756 million yen

Notes:

1. Transaction amounts were determined at proper prices upon negotiation.
2. Consumption tax is included in the balance at end of year.

Principal transactions with related parties for the year ended March 31, 2019 were as follows:

Category	Affiliate
Company name	Sakai Display Products Corporation
Location	Sakai City, Osaka
Capital stock	32,485 million yen
Details of business	Development, manufacture, distribution, export and import of LCD and other displays
Holding or held ratio	24.6% holding directly
Relationship with the related party	Purchases of goods by the Company and Lease of real estate, etc.
Detail of transaction	Lease transaction with the Company Collection of lease receivables from the Company
Transaction amount	49,136 million yen 2,980 million yen
Account	Other (Current assets) Other (Investments and other assets)
Balance at end of year	3,460 million yen 42,695 million yen

Note: Transaction amounts were determined at proper prices upon negotiation.

Notes to Consolidated Financial Statements

iii) Subsidiaries of the Company's parent company and subsidiaries of other related companies of the Company, etc.

Principal transactions with related parties for the years ended March 31, 2018 and 2019 were omitted as they were immaterial.

iv) The Company's directors and major individual shareholders, etc.

Principal transactions with related parties for the years ended March 31, 2018 and 2019 were omitted as they were immaterial.

(2) Transactions between the Company's consolidated subsidiaries and related parties

i) The Company's parent company and major corporate shareholders

Principal transactions with related parties for the year ended March 31, 2018 were omitted as they were immaterial.

Principal transactions with related parties for the year ended March 31, 2019 were as follows:

Category	Parent company
Company name	Hon Hai Precision Industry Co., Ltd.
Location	New Taipei City, Taiwan
Capital stock	138,629 million New Taiwan dollars
Details of business	Electronic manufacturing service
Holding or held ratio	24.5% held directly and 17.2% held indirectly [19.1%]
Relationship with the related party	Purchases of raw materials and goods by the Company
Detail of transaction	Purchases of raw materials and goods by the Company
Transaction amount	138,616 million yen
Account	Accounts payable
Balance at end of year	38,634 million yen

Notes:

1. Transaction amounts were determined at proper prices upon negotiation.
2. The value in parentheses [] of "Holding or held ratio" refers to 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 a close relationship with Hon Hai Precision Industry Co., Ltd.

ii) The Company's non-consolidated subsidiaries and affiliates, etc.

Principal transactions with related parties for the years ended March 31, 2018 and 2019 were omitted as they were immaterial.

iii) Subsidiaries of the Company's parent company and subsidiaries of other related companies of the Company, etc.

Principal transactions with related parties for the year ended March 31, 2018 were as follows:

Category	Subsidiaries of the Company's parent company	Subsidiaries of the Company's parent company
Company name	Zhengzhou FuLianWang Electronic Technology Co., Ltd.	Nanjing HongFuSharp Precision Electronics Co., Ltd.
Location	Zhengzhou City, China	Nanjing City, China
Capital stock	3,130 million Chinese yuan	198 million U.S. dollars
Details of business	Sales of Computer, Communication and Consumer electronics etc. on the Internet	Manufacture of LCD TV, Projector, LCD module and other display devices etc.
Holding or held ratio	—	—
Relationship with the related party	Sales of goods from the Company	Production of the Company's goods
Detail of transaction	Sales of goods from the Company	Purchases of goods by the Company
Transaction amount	190,925 million yen	156,294 million yen
Account	Accounts receivable	Notes and accounts payable
Balance at end of year	36,755 million yen	34,359 million yen

Note: Transaction amounts were determined at proper prices upon negotiation.

Principal transactions with related parties for the year ended March 31, 2019 were omitted as they were immaterial.

iv) The Company's directors and major individual shareholders, etc.

Principal transactions with related parties for the years ended March 31, 2018 and 2019 were omitted as they were immaterial.

Notes to Consolidated Financial Statements

(b) Information on the parent company and significant affiliates

(1) Information on the parent company

Hon Hai Precision Industry Co., Ltd. (whose stock is listed on the Taiwan Stock Exchange)

(2) Summary financial statements of significant affiliated company

For the year ended March 31, 2019, significant affiliated company was Sakai Display Products Corporation. Summary of its financial statements was as follows:

	Yen (millions)	
	2018*	2019
Current assets	—	203,646
Non-current assets	—	422,291
Current liabilities	—	139,635
Non-current liabilities	—	216,106
Net assets	—	270,195
Net sales	—	80,115
Loss before income taxes	—	44,869
Loss attributable to owners of parent	—	43,891

* Sakai Display Products Corporation was categorized as significant affiliated company from the year ended March 31, 2019 since its financial materiality has increased.

18. Per Share Data

Per share data as of March 31, 2018 and 2019 were as follows:

	Yen	
	2018	2019
Net assets per share	¥ 267.48	¥ 392.56
Income per share	106.07	116.80
Fully diluted income per share	85.60	91.69

Income per share and fully diluted income per share as of March 31, 2018 and 2019 were calculated on the following basis:

	2018	2019
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 allocated to common shares (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 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
Class A shares (thousands of shares)	209,511	198,689
Share acquisition rights (thousands of shares)	1	—

Residual securities which do not dilute income per share	811 share acquisition rights resolved by the Board of Directors meeting on April 19, 2017 (First Share acquisition rights)	781 share acquisition rights resolved by the Board of Directors meeting on April 19, 2017 (First Share acquisition rights) 421 share acquisition rights resolved by the Board of Directors meeting on September 26, 2017 (Second Share acquisition rights) 1,025 share acquisition rights resolved by the Board of Directors meeting on August 28, 2018 (Third Share acquisition rights)
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Since dividend priority of Class C shares is equal to common shares, the number of Class C shares after considering the conversion rate to common shares is regarded as the number of “Shares equivalent to common shares”.

The Company 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 assets per share, the income per share and the fully diluted income per share are calculated on the assumption that the Company conducts this consolidation at the beginning of the previous fiscal year.

Notes to Consolidated Financial Statements

The company 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.

19. Significant Subsequent Events

(a) Large-Scale Loans

Based on the commitment line agreement concluded in August 2016, the Company applied for loans on May 31, 2019, and executed the loans as follows.

- (1) Purpose for funding
Business fund
- (2) Lending institutions
Mizuho Bank, Ltd. and MUFG Bank, Ltd.
- (3) Loan amount
¥100 billion
- (4) Interest rate
Base rate plus spread
- (5) Date of borrowing
June 7, 2019
- (6) Repayment due date
June 5, 2020
- (7) Collateral assets or guarantee
None

(b) Allotment of Stock Options (Share Acquisition Rights)

The Company passed a resolution at the Board of Directors meeting held on May 24, 2019, to submit a proposal at the Ordinary General Meeting of Shareholders held on June 25, 2019, that the Company be authorized to allot share acquisition rights as stock options to directors, audit & supervisory board members, executives and employees ("Officers and Employees") of the Company and its subsidiaries and affiliates in Japan (the "Company Group") and to delegate to its Board of Directors the determination of the subscription requirements of such share acquisition rights.

The proposal was approved at the Ordinary General Meeting of Shareholders.

(1) Purpose of adopting the stock option plan

The Company implemented the stock option plan that would help the Company recruit and retain human resources required for the Company's revitalization and growth, and would serve as an incentive to increase their motivation to participate in the Company Group's business management and contribute to higher performance, as well as the increased corporate value of the Company. The Company decided to continue the implementation of the plan and will issue share acquisition rights as stock options as one of the types of remuneration for Officers and Employees of the Company Group.

(2) Class and number of shares to be issued upon exercise of share acquisition rights

The class of shares to be issued upon the exercise of share acquisition rights shall be common stock of the Company, and the number of shares to be issued shall not exceed 2,000,000.

If the Company splits or consolidates its common stock, the number of shares to be issued upon the exercise of share acquisition rights shall be adjusted.

(3) Total number of share acquisition rights to be issued

No more than 20,000 units of share acquisition rights shall be issued.

100 shares shall be issued per unit of share acquisition rights; provided that, in the event of any adjustment of the number of shares stipulated in (2) above, the number of shares to be issued per unit of share acquisition rights shall be adjusted accordingly.

The date of allotment of share acquisition rights shall be determined by the Board of Directors, and the Board of Directors may allot the share acquisition rights at a plurality of times within the scope of the aforementioned limit.

Notes to Consolidated Financial Statements

(4) Cash payment for share acquisition rights

No cash payment is required for share acquisition rights.

(5) 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 (the "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 the closing price on the Tokyo Stock Exchange on the day immediately prior to the date of the resolution by the Board of Directors of the Company determining the Subscription Requirements of the share acquisition rights or the closing price on the date of the allotment, whichever is higher.

If the Company splits or consolidates its common stock after the issuance of share acquisition rights, the Exercise Value shall be adjusted.

(6) Exercise period of share acquisition rights

The exercise period shall be from the date on which two years have passed from the date of allotment of the share acquisition rights to the date on which seven years have passed from the date of allotment. If the final day of the exercise period falls on a holiday of the Company, the final day shall be the working day immediately preceding the final day.

(7) Matters concerning increase in capital by issuing of shares upon 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.

(c) Acquisition and Cancellation of Treasury Shares (Class A Shares)

The Company has adopted a resolution for matters concerning the acquisition and cancellation of all of its Class A shares at a meeting of its Board of Directors on June 11, 2019. Based on this resolution, the Company acquired and cancelled all of its Class A shares.

The Class A shares hold the following issues and burdens of (1) the annual preferred dividend rate is at a high level, (2) there is a put option for the Class A shares with common shares as consideration, which may cause dilution that is not intended by the Company, and (3) there is a put option for the Class A shares with cash as consideration, and the exercise of such put option could result in a large amount of cash being expended at a time that is not chosen by the Company. Considering such issues and burdens should be resolved at an early stage, and considering our business records as well as capital and financial conditions, after discussions with Class A shareholders, Mizuho Bank, Ltd. and MUFG Bank, Ltd. (hereinafter "Class A Shareholders"), the Company acquired and cancelled 92,000 Class A shares on January 30, 2019, and the remaining 108,000 shares on June 21, 2019. The burden of the above preferred dividend and the monetary redemption was resolved through the acquisition and cancellation of the Class A shares.

(1) The acquisition of the Class A shares

i. Total number of shares to be acquired

(Class A shares) 108,000 shares

ii. Acquisition price per share

898,819.90 yen

(Note) The Company has obtained from a third-party valuation firm, Nomura Securities Co., Ltd., a report in which the value of the the Class A shares is calculated (the "Valuation Report"). The Company and the Class A Shareholders have negotiated and determined the acquisition price per share by comprehensively taking the results of the calculation in the Valuation Report, etc. into consideration.

iii. Total amount of the acquisition price of shares

97,072,549,200 yen

iv. Date of acquisition of shares

June, 21, 2019

(2) Cancellation of treasury shares (Class A shares)

i. Total number of treasury shares to be cancelled

(Class A shares) 108,000 shares

ii. Date of cancellation of shares

June, 21, 2019