Fiscal 2018 Review
Sharp Corporation and Consolidated Subsidiaries for the Years Ended March 31

Fiscal 2018 Earnings

The economy of Japan experienced a moderate recovery, driven by improvements in employment and a recovery in personal consumption. However, certain export and production sectors showed signs of weakness. Overseas, the U.S. economy continues to recover, while certain countries in the EU have showed signs of slowing. The Chinese economy experienced a moderate slowing. U.S.-China trade friction and fluctuating demand among major customers through the end of the fiscal year made overseas market conditions more challenging than anticipated.

Amid these circumstances, the Sharp Group pursued our business vision of Changing the World with 8K+5G and AIoT. We are still engaged in a shift to quality above quantity for further growth, making improvements to our earnings capacity and financial condition.

Sharp fiscal 2018 net sales amounted to ¥2,400.0 billion, a 1.1% decrease as our Advance Display Systems segment reported lower sales. Lower performance in the Advance Display Systems segment contributed to a 6.6% decrease in operating profit to ¥84.1 billion. Ordinary profit amounted to ¥69.0 billion, a 22.7% decrease year on year, while profit attributable to owners of parent rose 5.7% to ¥74.2 billion.

Despite the challenging market environment, Sharp continued a shift to quality above quantity ahead of environmental changes. As a result, Sharp secured higher final profits and profit margin compared to the prior fiscal year. On a quarterly basis, we have recorded net profits for the past 10 consecutive quarters since the third quarter of fiscal 2016.

Sharp made qualitatively improvements to equity, including the purchase and cancellation of 92,000 of the 200,000 outstanding Class A shares, which entail dilution risk, preferred dividends, and other considerations*.

Considering our financial situation and future business development, we paid a dividend of ¥20 per share of common stock, ¥10 per share higher than the prior fiscal year.

*As a result, Sharp had 108,000 Class A shares issued and outstanding as of March 31, 2019. We completed the purchase and cancellation of all outstanding shares on June 21, 2019.

### Analysis of Changes in Net Sales

<table>
<thead>
<tr>
<th>By Segment</th>
<th>2018 (billions of yen)</th>
<th>2019 (billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart Homes</td>
<td>2,427.2</td>
<td>90.1</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>2,400.0</td>
<td>90.1</td>
</tr>
<tr>
<td>Advance Display Systems</td>
<td>75</td>
<td>50</td>
</tr>
<tr>
<td>Adjustments</td>
<td>0</td>
<td>-25</td>
</tr>
</tbody>
</table>

### Analysis of Changes in Operating Profit

<table>
<thead>
<tr>
<th>By Segment</th>
<th>2018 (billions of yen)</th>
<th>2019 (billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart Homes</td>
<td>+14.8</td>
<td>+2.3</td>
</tr>
<tr>
<td>Business Solutions</td>
<td>-7.7</td>
<td>+97.9</td>
</tr>
<tr>
<td>Advance Display Systems</td>
<td>-113.3</td>
<td>+2.3</td>
</tr>
<tr>
<td>Adjustments</td>
<td>84.1</td>
<td>84.1</td>
</tr>
</tbody>
</table>

U.S.-China trade friction, fluctuating demand among major customers, and other factors combined for a market environment much more challenging than anticipated through the end of the year.

Ahead of environmental changes, we are shifting to quality above quantity, securing bottom-line profits and profit margin in excess of prior-year results.

Ten consecutive quarters of net profits since Q3 FY2016.

Undertook measures to improve equity qualitatively, including partial acquisition and cancellation of Class A shares.

Providing dividends on common shares above FY2017 levels.

AIoT is a registered trademark of Sharp Corporation.
Sales, Segment Income by Segment

Smart Homes
- Mobile phones, electronic dictionaries, calculators, telephones, network control units, refrigerators, superheated steam ovens, microwave ovens, small cooking appliances, air conditioners, washing machines, vacuum cleaners, air purifiers, electric fans, dehumidifiers, humidifiers, electric heaters, Plasmacluster Ion generators, beauty appliance, solar cells, storage battery, personal computers

Smart Business Solutions
- Digital MFPs (multi-function printers), information displays, POS systems, electronic cash registers, commercial projectors, options and consumables, software

IoT Electronics Devices
- Camera modules, camera module production facilities, sensor modules, proximity sensors, dust sensors, wafer foundries, CCD/CMOS sensors, laser diodes, automotive cameras, FA equipment, ultrasonic cleaners

Advance Display Systems
- LCD color televisions, Blu-ray Disc recorders, audio equipment, display modules

Sales by Segment
- Smart Homes: 28%
- IoT Electronics Devices: 20%
- Advance Display Systems: 27%

Segment Income by Segment
- Smart Homes: 48%
- IoT Electronics Devices: 22%
- Advance Display Systems: 39%

Sales (billions of yen)
- 2017: 800
- 2018: 50
- 2019: 20

Segment Income (billions of yen)
- 2017: 50
- 2018: 20
- 2019: 10

Sales figures include internal sales between segments. The percentage of sales in pie charts has been calculated accordingly.

Segment income figures are the amounts before adjustments for intersegment trading. The percentage of segment income in pie charts has been calculated accordingly.

Effective for the year ended March 31, 2018, the Company changed its segment classification. Figures for the year ended March 31, 2017, have been adjusted to reflect the new classification.

Effective for the year ended March 31, 2019, advanced equipment that had been included under Smart Business Solutions has been changed under IoT Electronics Devices. Figures for the year ended March 31, 2018, have been restated based on a new classification.