

Direction of Business Management

Direction of Sharp's Future

Sharp has crafted a rock-solid identity, comprised of three major elements: immutable values of Sincerity and Creativity, carefully passed down since our founding; more than 100 years of history where we have created products that others want to imitate and realizing new ways to live; and unique strengths in our wide range of businesses, our unique technologies such as AIoT, 8K, 5G, and more, and our innovative devices.

If we turn to the world stage, a variety of social issues have surfaced: the establishment of a new normal in the with-COVID and post-COVID eras;

realization of diverse lifestyles; resolving medical and nursing care problems; resolving labor shortages; and realizing a carbon-free society.

Under these circumstances, we are working to solve social issues by embodying our business vision of *Changing the World with 8K+5G and AIoT*, that is, by providing Sharp's own unique hardware and solutions.

Here, we want to establish SHARP as a powerful corporate brand representing a company closest to people and society, constantly providing new value.

Future Initiative Policy

In the three years since fiscal 2017, Sharp endeavored to transform our business, market, and operations. As a result, we have generated steady profits every fiscal year. We have also brought a certain degree of closure to our management reform, by improving our financial position through the cancellation of all classes of shares issued during our severe financial situation, etc.

We responded nimbly to the rapidly changing business environment during fiscal 2020,

achieving positive net free cash flows and steady improvement in management.

Beginning in fiscal 2021 and beyond, we are using these achievements as a foundation to focus on three initiatives in the interest of rapidly establishing SHARP as a powerful corporate brand: building a business promotion system centered on brand businesses; realizing our business vision; and returning to corporate bond markets.



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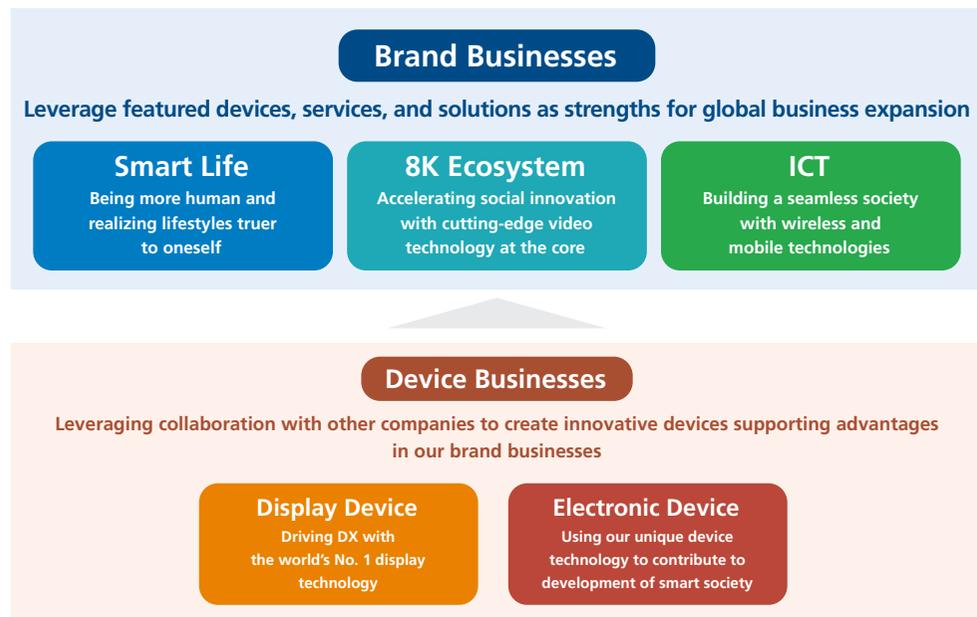
Building a Business Promotion System Centered on Brand Businesses

Sharp has three brand businesses: Smart Life, 8K Ecosystem, and ICT, as well as two device businesses: Display Device and Electronic Device.

Our brand businesses leverage featured devices, services, and solutions as strengths for global business expansion, seeking to improve the Sharp brand even more.

On the other hand, in the device businesses, we are working to leverage collaboration with other companies to create innovative devices supporting advantages in our brand businesses.

Effective the first quarter of fiscal 2021, we changed reportable segments from three to the five above to clarify the efforts, policies, and achievements of each business.



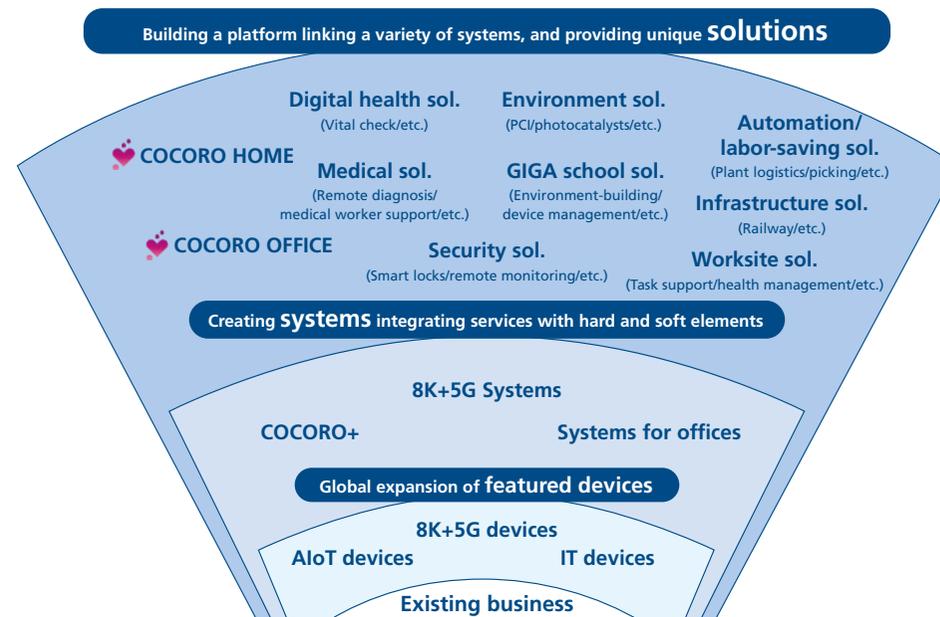
Realization of our Business Vision

At Sharp, our business vision is *Changing the World with 8K+5G and AIoT*, and we create feature-rich devices powered by cutting-edge technologies as we expand globally.

Here, we are working to create systems fusing this hardware with software and services, and furthermore building a platform unique to

Sharp that links a variety of systems, providing unique solutions.

In addition, we hope to strengthen profitability through these efforts and achieve an operating profit margin of 7% or more in the near future in the brand businesses.



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Return to Corporate Bond Markets

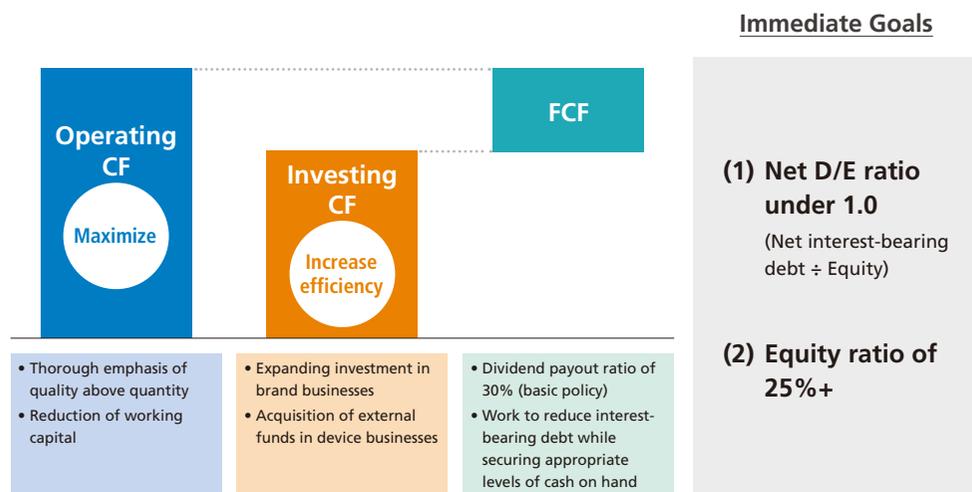
In order for us to continue to grow, it is essential to build a stronger financial base.

Under this concept, we are working to maximize operating cash flows through a comprehensive implementation of a shift to quality above quantity, as well as by using working capital efficiently. At the same time, we will strengthen our efforts to improve investment efficiency by expanding investments in brand businesses expected to generate stable earnings and by acquiring funds from external sources in our device

business, among other efforts. We will also be proactive in making investments necessary from a strategic standpoint.

We will create stable free cash flow every year to provide appropriate shareholder returns and to take action to improve our financial position, like reducing interest-bearing debt.

Our initial aim is to achieve a net debt-equity ratio under 1.0 and an equity ratio of 25% or more. We would also like to pave the way to our return to corporate bond markets in the future.



ESG Initiative Policy

In terms of governance, we will strive to strengthen group governance and improve functionality of the Board of Directors and continue to hold dialogues with stakeholders positively in the interest of building corporate governance that improves corporate value.

In terms of the environment, we will work to reduce CO₂ emissions, generate more clean energy, and reduce our environmental burden in

line with the *SHARP Eco Vision 2050* long-term environmental vision.

In terms of society, we will contribute to society through business activities centered on eight priority business areas: Smart Home, Smart Office, Healthcare, Entertainment, Education, Industry, Security, and Mobility. We also intend to work on CSR across the entire supply chain.

G Building Corporate Governance that Improves Corporate Value

- Rebuilding the Board of Directors structure to improve its function (e.g. diversification of experience, evolution/diversification of expertise)
- Strengthening group governance
- More appropriate information disclosure and continuing dialogue with stakeholders

E Executing the SHARP Eco Vision 2050

- Achieve net zero CO₂ emissions from our own business activities by 2050
- Generate clean energy in excess of the energy consumed throughout our supply chain
- Minimize the environmental impact of our business activities on the planet

S Contributing to Society through Business Activities

- Resolving social issues centered on eight business areas
- Promoting CSR throughout the supply chain
- Continuous and global social contribution