

Consolidated Financial Results for the Year Ended March 31, 2021

May 11, 2021

SHARP CORPORATION

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

General Meeting of Shareholders: June 29, 2021

Scheduled dividend payment date: June 7, 2021

Supplementary material: Yes

Financial results meeting: Yes (targeted at institutional investors and analysts)

(Monetary amounts are rounded down to the nearest million yen.)

1. Results for the Year Ended March 31, 2021

(1) Financial Results

(The percentage figures represent the percentage of increase or decrease against the previous year.)

Millions of Yen

	Net Sales	Percent Change	Operating Profit	Percent Change	Ordinary Profit	Percent Change
Year Ended March 31, 2021	2,425,910	+7.2%	83,112	+61.5%	63,175	+25.9%
Year Ended March 31, 2020	2,262,284	-5.5%	51,464	-33.5%	50,175	-20.2%

	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Year Ended March 31, 2021	53,263	+288.0%	87.20	-
Year Ended March 31, 2020	13,726	-78.6%	22.47	21.62

[Reference] Comprehensive income : March 31, 2021 ; 105,060 million yen +261.9%
 March 31, 2020 ; 29,027 million yen -54.5 %

Note1: Sharp completed the acquisition and cancellation of all 108,000 outstanding Class A shares as of June 21, 2019.

Figures for net income per share and fully diluted net income per share for the year ended March 31, 2020, are calculated considering the effect of this transaction.

Note2: Fully diluted net income per share for the year ended March 31, 2021, is not provided. Although Sharp has dilutive shares, the shares in question have no dilutive effect.

	Net Income to Equity	Ordinary Profit to Total Assets	Operating Profit to Net Sales
Year Ended March 31, 2021	17.6%	3.4%	3.4%
Year Ended March 31, 2020	4.6%	2.7%	2.3%

[Reference] Share of profit (loss) of entities accounted for using equity method: March 31, 2020 ; (16,703) million yen
 March 31, 2021 ; (4,085) million yen

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2021	1,927,226	364,139	18.2%	573.59
As of March 31, 2020	1,811,907	270,959	14.1%	419.54

[Reference] Equity: March 31, 2021 ; 350,348 million yen
 March 31, 2020 ; 256,273 million yen

(3) Cash Flows

Millions of Yen

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Year
Year Ended March 31, 2021	204,642	(14,114)	(76,724)	292,792
Year Ended March 31, 2020	68,453	(128,249)	4,560	170,323

2. Dividends

	Dividends per Share (Yen)					Total Dividend Payment (Millions of Yen)	Pay-out Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual			
Year Ended March 31, 2020	-	0.00	-	18.00	18.00	9,563	80.1%	4.5%
Year Ended March 31, 2021	-	0.00	-	30.00	30.00	18,324	34.4%	6.0%
Year Ending March 31, 2022 (Forecast)	-	-	-	-	-		-	

Note: The amount of dividend per share for the year ending March 31, 2022, has not been decided at the time of announcement.

Dividends noted above are on common shares. As for the status of dividends for Class Shares (unlisted) with different rights from those of common shares of Sharp Corporation, please see "(Reference) Dividends on Class Shares."

3. Forecast of Financial Results for the Year Ending March 31, 2022

(The percentage figures represent the percentage of increase or decrease against the previous year.)

Millions of Yen

	Net Sales	Percent Change	Operating Profit	Percent Change	Ordinary Profit	Percent Change	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)
Year Ending March 31, 2022 (Forecast)	2,550,000	+5.1%	101,000	+21.5%	91,000	+44.0%	76,000	+42.7%	124.43

4. Other Information

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

Newly added : 3 companies

Sharp NEC Display Solutions, Ltd., NEC Viewtechnology Trading (Shenzhen), Ltd.,

Yantai Xiazhi Precision Electronics Co., Ltd.

Excluded : 1 company

Sharp Brasil Comercio e Distribuicao de Artigos Eletronicos Ltda.

(2) Changes in accounting policies and accounting estimates, and restatement

1. Changes in accounting policies arising from revision of accounting standards: None

2. Changes arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of March 31, 2021 ; 611,952,858 shares
as of March 31, 2020 ; 532,416,558 shares

2. Number of shares of treasury stock as of March 31, 2021 ; 1,151,858 shares
as of March 31, 2020 ; 1,109,127 shares

3. Average number of shares outstanding during the year ended March 31, 2021 ; 543,533,714 shares
during the year ended March 31, 2020 ; 531,309,651 shares

Notes:

1. This financial release is not subject to audit.

2. This financial release contains certain statements about the future, which are based on information available and deemed reasonable to the Sharp Group at the time of announcement and are not the commitments made by Sharp. Actual operating results may differ materially from the forecast due to various factors.

3. Sharp will hold a financial results meeting on May 11, 2021. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.

4. The accompanying consolidated financial statements are a translation of the consolidated financial statements of Sharp, which were prepared in accordance with accounting principles and practices generally accepted in Japan.

(Reference) Dividends on Class Shares

The following shows breakdown of dividends per share on Class Shares with different rights from those of common shares.

Class C Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2020	-	0.00	-	1,800.00	1,800.00
Year Ended March 31, 2021	-	0.00	-		

Notes:

1. The priority for Class C share dividends is the same as common shares. Further, the dividend amount for Class C shares for the fiscal year ended March 31, 2020, is the amount calculated in accordance with the dividend provisions stipulated in the Company's Articles of Incorporation (each Class C share entitles the holder to receive dividends equivalent to the amount paid per 100 common shares).
2. The number of outstanding Class C shares as of March 31, 2020, was 795,363 shares. On February 26, 2021, the Company acquired all 795,363 outstanding Class C shares in exchange for 79,536,300 shares of common stock. On the same day, the Company cancelled all of the acquired Class C shares.

1. Qualitative Information: Fiscal 2020 Financial Results

(1) Qualitative Information regarding Consolidated Financial Results

i. Financial results for fiscal 2020

The global economy experienced a rapid deterioration in the first quarter of fiscal 2020 due to the spread of COVID-19. Beginning in the second quarter, however, economic activities resumed in many countries, and the economy showing signs of a recovery, despite differing degrees of COVID-19-related impacts in every region.

Sharp engaged in appropriate measures to respond to these changes in the business environment, and we endeavored to ensure the safety of our employees and to secure business results. At the same time, we endeavored to improve our financial condition and increase shareholder value.

Consolidated net sales for fiscal 2020 amounted to 2,425.9 billion yen, up 7.2% year on year, as our three segments of Smart Life, 8K Ecosystem, and ICT all recorded sales increases. Operating profit amounted to 83.1 billion yen (61.5% increase) due to improvements in Smart Life and 8K Ecosystem, despite a decrease in ICT. Ordinary profit was 63.1 billion yen (25.9% increase), and profit attributable to owners of parent amounted to 53.2 billion yen (288.0% increase). With COVID-19 still unresolved and regulations in place, we experienced the negative impact of semiconductor bottlenecks toward the end of the fiscal year. However, financial performance recovered steadily, resulting in significant profit growth.

The sales performance of each business segment in fiscal 2020 was as follows. Segment sales include inter-segment sales and transfers.

1. Smart Life

Our Smart Life segment recorded sales of 879.9 billion yen, up 3.4% year on year. Sales of Plasmacluster products in Japan rose significantly, while sales of washing machines, cooking appliances, etc., also rose. Sales in our devices business also rose.

2. 8K Ecosystem

8K Ecosystem sales for the year amounted to 1,282.9 billion yen, up 11.2% year on year. In addition to growth in panels for PCs, tablets and large panels, we experienced an increase in finished TV sales.

3. ICT

The ICT segment recorded sales of 358.9 billion yen, up 0.4% year on year. In addition to our mobile communications business, our PC business also recorded higher sales.

ii. Analysis of financial position

Total assets as of the consolidated fiscal year end amounted to 1,927.2 billion yen, up 115.3 billion yen compared to the prior fiscal year end. In addition to an increase in cash and deposits, assets also increased due to the new consolidation of entities including Sharp NEC Display Solutions, Ltd., as

well as our acquisition of the Hakusan plant. Total liabilities amounted to 1,563.0 billion yen, up 22.1 billion yen compared to the prior fiscal year end. This increase was mostly due to an increase in notes and accounts payable-trade. Net assets amounted to 364.1 billion yen (93.1 billion yen increase), despite dividend payments, mainly due to the recording of profit attributable to owners of parent.

Cash and cash equivalents as of the end of the consolidated fiscal year amounted to 292.7 billion yen, up 122.4 billion yen compared to the prior fiscal year end. Net cash provided by operating activities was 204.6 billion yen, net cash used in investing activities was 14.1 billion yen, and net cash used in financing activities was 76.7 billion yen.

(2) Future outlook

Although the economies in Japan and overseas is expected to continue to recover as a whole, we must monitor changes in the business environment, including COVID-19 infections, the supply and demand environment for semiconductors, trade friction between the U.S. and China, etc.

As a result of these changes in the business environment, customer demand is also changing significantly. Capturing changes in customer demand quickly, Sharp will work to create new businesses based on a core of unique technologies in 8K+5G and AIoT, while we accelerate the positioning of Sharp as a strong brand.

And, over the medium to long term, we will achieve our business vision of *Changing the World with 8K+5G and AIoT*.

For more information on our initiatives for fiscal 2021, please refer to *Direction of Business Management and Initiatives in FY2021*, published today.

The following outlines our current financial results forecast for the fiscal year ending March 2022.

(The percentage figures represent the percentage of increase or decrease against the previous year.)

Billions of Yen				
	Year ended March 31, 2021	Percentage Change	Year ending March 31, 2022 (Forecast)	Percentage Change
Net Sales	2,425.9	+7.2%	2,550.0	+5.1%
Operating Profit	83.1	+61.5%	101.0	+21.5%
Ordinary Profit	63.1	+25.9%	91.0	+44.0%
Profit Attributable to Owners of Parent	53.2	+288.0%	76.0	+42.7%

We have assumed an exchange rate of USD1 to JPY108 for fiscal 2021.

*The financial results forecast presented here is based on information available and judgments deemed reasonable at the time. These forecasts are not guarantees of future performance. Actual performance may differ materially due to a number of factors. Matters that could affect actual results include, but are not limited to, the following factors:

- The economic conditions in which the Sharp operates
- Sudden, rapid fluctuations in demand for Sharp products and services, as well as intensified price competition
- Exchange rate fluctuations (particularly between the yen and the U.S. dollar, the euro, and other currencies)
- Regulations, including trade restrictions with other countries
- The progress of collaborations and alliances with other companies
- Litigation and other legal proceedings against the Sharp
- Rapid technological changes in products and services, etc.

2. Basic Approach to Selection of Accounting Standards

The Sharp uses Japanese accounting standards to ensure comparability of consolidated financial statements over different time periods.

We will continue to monitor trends in the adoption of the International Financial Reporting Standards (IFRS).

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<u>Assets</u>		
Current assets		
Cash and deposits	225,049	341,917
Notes and accounts receivable - trade	423,618	457,649
Inventories	292,840	263,066
Other	142,268	130,098
Allowance for doubtful accounts	(2,629)	(3,961)
Total current assets	1,081,148	1,188,770
Non-current assets		
Property, plant and equipment		
Buildings and structures	647,929	675,865
Machinery, equipment and vehicles	1,151,621	1,162,607
Tools, furniture and fixtures	188,295	190,705
Land	82,369	83,600
Construction in progress	29,442	31,822
Other	50,668	48,726
Accumulated depreciation	(1,749,377)	(1,754,840)
Total property, plant and equipment	400,948	438,486
Intangible assets		
Software	28,203	26,557
Other	17,088	18,557
Total intangible assets	45,292	45,114
Investments and other assets		
Investment securities	187,542	164,181
Retirement benefit asset	7,295	5,584
Deferred tax assets	18,298	19,053
Other	73,807	67,404
Allowance for doubtful accounts	(2,426)	(1,368)
Total investments and other assets	284,518	254,855
Total non-current assets	730,759	738,456
Total assets	1,811,907	1,927,226
<u>Liabilities</u>		
Current liabilities		
Notes and accounts payable - trade	311,999	361,825
Electronically recorded obligations - operating	36,331	34,597
Short-term borrowings	237,726	163,028
Accrued expenses	97,446	105,282
Provision for bonuses	18,634	18,573
Provision for product warranties	15,967	18,897
Provision for sales promotion expenses	6,918	8,433
Provisions for restructuring	434	670
Valuation reserve for inventory purchase commitments	17,133	-
Other	121,990	174,274
Total current liabilities	864,583	885,582
Non-current liabilities		
Long-term borrowings	538,744	561,893
Retirement benefit liability	103,217	83,558
Other	34,402	32,053
Total non-current liabilities	676,365	677,505
Total liabilities	1,540,948	1,563,087

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	108,853	109,126
Retained earnings	247,283	289,551
Treasury shares	(13,993)	(14,053)
Total shareholders' equity	347,143	389,624
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,048	16,617
Deferred gains or losses on hedges	846	1,086
Foreign currency translation adjustment	(56,118)	(39,362)
Remeasurements of defined benefit plans	(43,646)	(17,617)
Total accumulated other comprehensive income	(90,870)	(39,275)
Share acquisition rights	293	297
Non-controlling interests	14,392	13,493
Total net assets	270,959	364,139
Total liabilities and net assets	1,811,907	1,927,226

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

- Consolidated Statements of Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	2,262,284	2,425,910
Cost of sales	1,857,007	2,004,593
Gross profit	405,277	421,316
Selling, general and administrative expenses	353,812	338,204
Operating profit	51,464	83,112
Non-operating income		
Interest income	2,916	2,818
Dividend income	1,502	1,240
Rental income from non-current assets	3,444	3,500
Foreign exchange gains	3,048	5,546
Other	10,733	9,483
Total non-operating income	21,644	22,590
Non-operating expenses		
Interest expenses	4,697	5,511
Share of loss of entities accounted for using equity method	4,085	16,703
Investment expenses	-	4,879
Other	14,150	15,432
Total non-operating expenses	22,933	42,527
Ordinary profit	50,175	63,175
Extraordinary income		
Gain on sale of non-current assets	2,843	5,630
Gain on sale of investment securities	244	14
Gain on sale of shares of subsidiaries and associates	2,976	-
Gain on donation of non-current assets	-	6,675
Gain on liquidation of subsidiaries and associates	-	27
Gain on reversal of share acquisition rights	3	10
Gain on step acquisitions	188	-
Total extraordinary income	6,256	12,357
Extraordinary losses		
Loss on sale and retirement of non-current assets	341	638
Impairment losses	3,403	6,417
Loss on valuation of investment securities	16,691	2,035
Restructuring charges	332	-
Loss from business combination	3,331	-
Total extraordinary losses	24,100	9,090
Profit before income taxes	32,331	66,442
Income taxes - current	11,820	14,657
Income taxes - deferred	5,952	(442)
Total income taxes	17,773	14,215
Profit	14,558	52,227
Profit (loss) attributable to non-controlling interests	831	(1,036)
Profit attributable to owners of parent	13,726	53,263

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	14,558	52,227
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,439)	8,563
Deferred gains or losses on hedges	1,088	269
Foreign currency translation adjustment	(13,080)	16,466
Remeasurements of defined benefit plans, net of tax	32,473	26,010
Share of other comprehensive income of entities accounted for using equity method	(573)	1,523
Total other comprehensive income	14,469	52,832
Comprehensive income	29,027	105,060
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	28,968	104,858
Comprehensive income attributable to non-controlling interests	59	202

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	208,725	247,826	(13,987)	447,564
Cumulative effects of changes in accounting policies			783		783
Restated balance	5,000	208,725	248,610	(13,987)	448,347
Changes during period					
Dividends of surplus			(15,053)		(15,053)
Profit attributable to owners of parent			13,726		13,726
Change in ownership interest of parent due to transactions with non-controlling interests		(3,453)			(3,453)
Sales of shares of consolidated subsidiaries		755			755
Capital increase of consolidated subsidiaries		(101)			(101)
Purchase of treasury shares				(97,078)	(97,078)
Cancellation of treasury shares		(97,072)		97,072	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(99,871)	(1,326)	(5)	(101,204)
Balance at end of period	5,000	108,853	247,283	(13,993)	347,143

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	13,531	(220)	(43,214)	(76,208)	(106,111)	235	15,642	357,331
Cumulative effects of changes in accounting policies								783
Restated balance	13,531	(220)	(43,214)	(76,208)	(106,111)	235	15,642	358,114
Changes during period								
Dividends of surplus								(15,053)
Profit attributable to owners of parent								13,726
Change in ownership interest of parent due to transactions with non-controlling interests								(3,453)
Sales of shares of consolidated subsidiaries								755
Capital increase of consolidated subsidiaries								(101)
Purchase of treasury shares								(97,078)
Cancellation of treasury shares								-
Net changes in items other than shareholders' equity	(5,483)	1,066	(12,903)	32,561	15,241	58	(1,250)	14,048
Total changes during period	(5,483)	1,066	(12,903)	32,561	15,241	58	(1,250)	(87,155)
Balance at end of period	8,048	846	(56,118)	(43,646)	(90,870)	293	14,392	270,959

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2021

(Millions of yen)

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

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	8,048	846	(56,118)	(43,646)	(90,870)	293	14,392	270,959
Changes during period								
Dividends of surplus								(10,995)
Profit attributable to owners of parent								53,263
Change in ownership interest of parent due to transactions with non-controlling interests								286
Purchase of treasury shares								(75)
Disposal of treasury shares								2
Net changes in items other than shareholders' equity	8,569	240	16,756	26,028	51,594	3	(898)	50,699
Total changes during period	8,569	240	16,756	26,028	51,594	3	(898)	93,180
Balance at end of period	16,617	1,086	(39,362)	(17,617)	(39,275)	297	13,493	364,139

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<u>Cash flows from operating activities</u>		
Profit before income taxes	32,331	66,442
Depreciation	72,630	71,942
Interest and dividend income	(4,418)	(4,059)
Interest expenses	4,697	5,511
Share of loss (profit) of entities accounted for using equity method	4,085	16,703
Investment expenses	-	4,879
Loss (gain) on sale and retirement of non-current assets	(2,502)	(4,991)
Gain on receipt of donated non-current assets	-	(6,675)
Loss (gain) on sale of investment securities	(244)	(14)
Loss (gain) on sale of shares of subsidiaries and associates	(2,976)	-
Loss (gain) on liquidation of subsidiaries and associates	-	(27)
Loss (gain) on step acquisitions	(188)	-
Impairment losses	3,403	6,417
Loss (gain) on valuation of investment securities	16,691	2,035
Loss from business combination	3,331	-
Decrease (increase) in trade receivables	101,766	(8,781)
Decrease (increase) in accounts receivable - other	(31,054)	4,360
Decrease (increase) in inventories	(56,511)	53,266
Increase (decrease) in trade payables	(54,323)	8,511
Increase (decrease) in accrued expenses	(20,050)	6,698
Increase (decrease) in advances received	11,433	(15,456)
Increase (decrease) in valuation reserve for inventory purchase commitments	9	(17,133)
Other, net	(1,760)	18,004
Subtotal	<u>76,351</u>	<u>207,633</u>
Interest and dividends received	7,786	8,232
Interest paid	(4,716)	(5,401)
Income taxes refund (paid)	(10,968)	(5,820)
Net cash provided by (used in) operating activities	<u>68,453</u>	<u>204,642</u>
<u>Cash flows from investing activities</u>		
Payments into time deposits	(129,881)	(118,384)
Proceeds from withdrawal of time deposits	111,735	124,561
Purchase of property, plant and equipment	(73,444)	(35,656)
Proceeds from sale of property, plant and equipment	5,801	10,518
Purchase of intangible assets	(20,662)	(15,726)
Purchase of investment securities	(35,901)	(8,063)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,721)	(75)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	341	4,478
Other, net	16,482	24,913
Net cash provided by (used in) investing activities	<u>(128,249)</u>	<u>(14,114)</u>

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	157,355	(89,398)
Proceeds from long-term borrowings	1,790	40,251
Repayments of long-term borrowings	(1,605)	(4,688)
Redemption of bonds	(30,000)	-
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(8,668)	(6,875)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	5,904	-
Purchase of treasury shares	(97,078)	(75)
Dividends paid	(15,028)	(10,980)
Other, net	(8,110)	(4,956)
Net cash provided by (used in) financing activities	4,560	(76,724)
Effect of exchange rate change on cash and cash equivalents	(3,239)	8,665
Net increase (decrease) in cash and cash equivalents	(58,474)	122,469
Cash and cash equivalents at beginning of period	228,798	170,323
Cash and cash equivalents at end of period	170,323	292,792

(5) Notes to Consolidated Financial Statements

(Notes Related to Going Concern Assumption)

No applicable matters to report.

(Segment Information)

1. Outline of reportable segments

Sharp reportable segments are components of the group for which discrete financial information is available and whose operating results are reviewed regularly by the board of directors. The board uses this information to make decisions about resources to be allocated among the segments and to assess segment performance.

Sharp has united behind transformation, pursuing our business vision of Changing the World with 8K+5G and AIoT through initiatives to (1) expand our business globally, (2) create new businesses, (3) engage in M&A and alliances, and (4) strengthen our competitive position. To achieve this vision, we defined three business domains as reportable segments: Smart Life, 8K Ecosystem, and ICT.

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

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

As of the third quarter of the fiscal year ended March 2021, our COCORO Service business, which was previously included in the Smart Life segment, is now included in the 8K Ecosystem segment due to organizational changes.

Segment information for the prior consolidated fiscal year has been reclassified to reflect the new segment categories.

2. Measurement of sales and income (loss) by reportable segment

The accounting policies for the reportable segments are basically the same as the policies for the consolidated financial statements. Intersegment sales and income (loss) are recognized based on appropriate prices determined by negotiation.

Segment Information

1. Year Ended March 31, 2020

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

	Millions of Yen
Net Sales	
Smart Life	
Customers	795,646
Intersegment	55,037
Total	850,683
8K Ecosystem	
Customers	1,127,921
Intersegment	25,903
Total	1,153,824
ICT	
Customers	338,717
Intersegment	18,888
Total	357,605
Adjustments	(99,829)
The amount presented in Consolidated Statements of Income	2,262,284
Segment Income	
Smart Life	39,829
8K Ecosystem	13,127
ICT	20,548
Adjustments* ¹	(22,131)
The amount presented in Consolidated Statements of Income* ²	51,464

Notes: 1. Adjustments of segment income of (22,131) million yen include elimination of intersegment transactions of 41 million yen and corporate expenses not allocated to each reportable segment of (18,885) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

2. Year Ended March 31, 2021

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

Millions of Yen

Net Sales	
Smart Life	
Customers	833,044
Intersegment	46,865
Total	879,910
8K Ecosystem	
Customers	1,251,089
Intersegment	31,848
Total	1,282,938
ICT	
Customers	341,776
Intersegment	17,147
Total	358,923
Adjustments	(95,861)
The amount presented in Consolidated Statements of Income	2,425,910
Segment Income	
Smart Life	71,559
8K Ecosystem	17,387
ICT	15,421
Adjustments* ¹	(21,256)
The amount presented in Consolidated Statements of Income* ²	83,112

Notes: 1. Adjustments of segment income of (21,256) million yen include elimination of intersegment transactions of 40 million yen and corporate expenses not allocated to each reportable segment of (18,831) million yen. Corporate expenses are mainly attributable to basic R&D expenses and expenses related to parent company's functional groups.

2. Adjustments were made to reconcile segment income to operating income presented in Consolidated Statements of Income.

(Per Share Information)

Yen

	Year Ended March 31, 2020	Year Ended March 31, 2021
Net assets per share	419.54	573.59
Net income (loss) per share	22.47	87.20
Fully diluted net income per share	21.62	-
		Fully diluted net income per share for the year ended March 31, 2021, is not provided. Although Sharp has dilutive shares, the shares in question have no dilutive effect.

Notes:

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

	Year Ended March 31, 2020	Year Ended March 31, 2021
Net income per share		
Profit attributable to owners of parent (millions of yen)	13,726	53,263
Amounts not allocated to common shares (millions of yen)	-	-
Profit attributable to owners of parent (millions of yen)	13,726	53,263
Average number of common shares outstanding during each year (thousands of shares)	610,845	610,833
Common shares (thousands of shares)	531,309	543,533
Shares equivalent to common shares (thousands of shares)	79,536	67,299
Fully diluted net income per share		
Adjustment to profit attributable to owners of parent (millions of yen)	-	-
Increase in number of common shares (thousands of shares)	24,196	-
Class A shares (thousands of shares)	24,196	-
Residual securities which do not dilute net income per share	763 share options resolved by the board of directors on April 19, 2017 (First Share Options) 421 share options resolved by the board of directors on September 26, 2017 (Second Share Options) 1,025 share options resolved by the board of directors on August 28, 2018 (Third Share Options)	743 share options resolved by the board of directors on April 19, 2017 (First Share Options) 381 share options resolved by the board of directors on September 26, 2017 (Second Share Options) 875 share options resolved by the board of directors on August 28, 2018 (Third Share Options)

2. Dividend priority of Class C shares is equal to common shares. Sharp recognizes the common share equivalent number as share equivalent to common shares

3. Sharp completed the acquisition and cancellation of all 108,000 outstanding Class A shares as of June 21, 2019. Figures for net income per share and fully diluted net income per share for the year ended March 31, 2020, are calculated considering the effect of this transaction.

(Significant Subsequent Events)

None