



Direction of Business Management and Initiatives in FY2021



- We expect continued extreme difficulty in anticipating changes in the environment on which we base our business plans. These changes include COVID-19, prolonged trade friction between the United States and China and shortages of semiconductors.
- Even in the current business environment, [our Direction of Sharp's Future remains unchanged from previous statements, and we plan to accelerate the development of new services and solutions and the creation of new businesses in areas like healthcare/medical/nursing care.](#)
- Given this, instead of setting medium- to long-term quantitative targets, we would like [to concentrate on improving annual business performance year by year for now, in line with the Direction of Sharp's Future.](#)
- Today, we will present our *Direction of Business Management and Initiatives in FY2021*. [While we are opting to withhold announcement of our Medium-Term Management Plan, we will continue to set up opportunities to make proper presentations to stakeholders.](#)

1. Direction of Business Management

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1) Direction of Sharp's Future

SHARP
Be Original.

“SHARP”
A powerful corporate brand representing a company closest to people and society, constantly proposing new value

Our identity

Immutable values

Sincerity and Creativity

108 years of history

Creating products that others want to imitate and realizing new ways to live



Unique strengths

- Wide range of businesses
- Unique technologies (AIoT, 8K, 5G, etc.)
- Innovative devices

Business vision

Changing the World with
8K+5G and AIoT



Various social issues

Establishment of a new normal

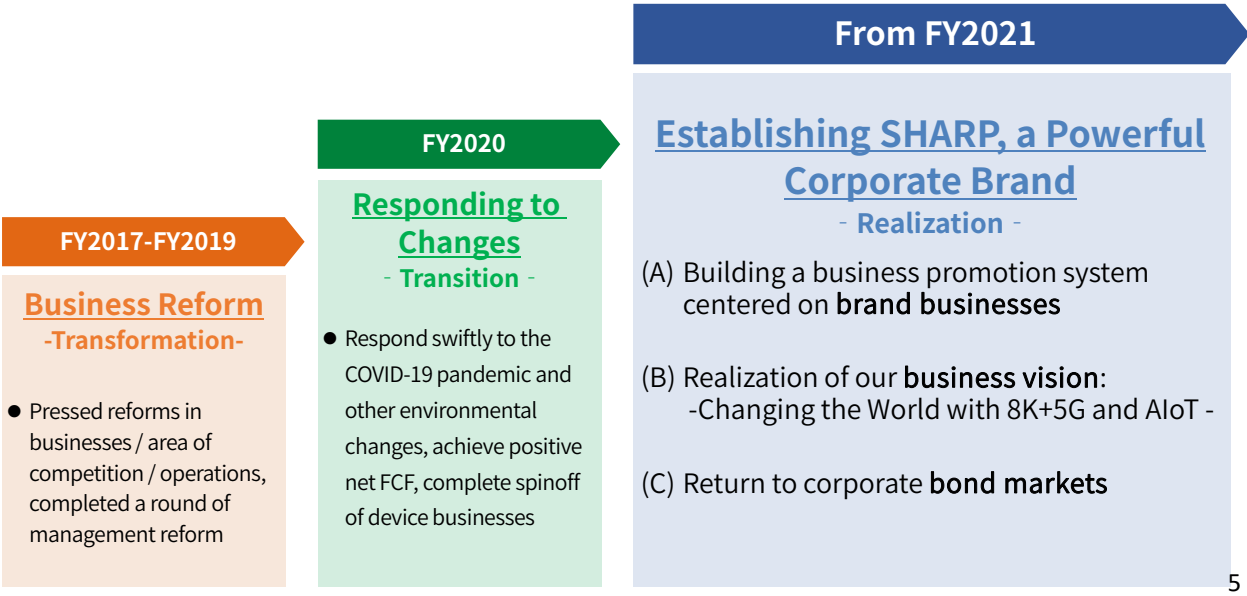
Realization of diverse lifestyles

Resolving medical/nursing care problems

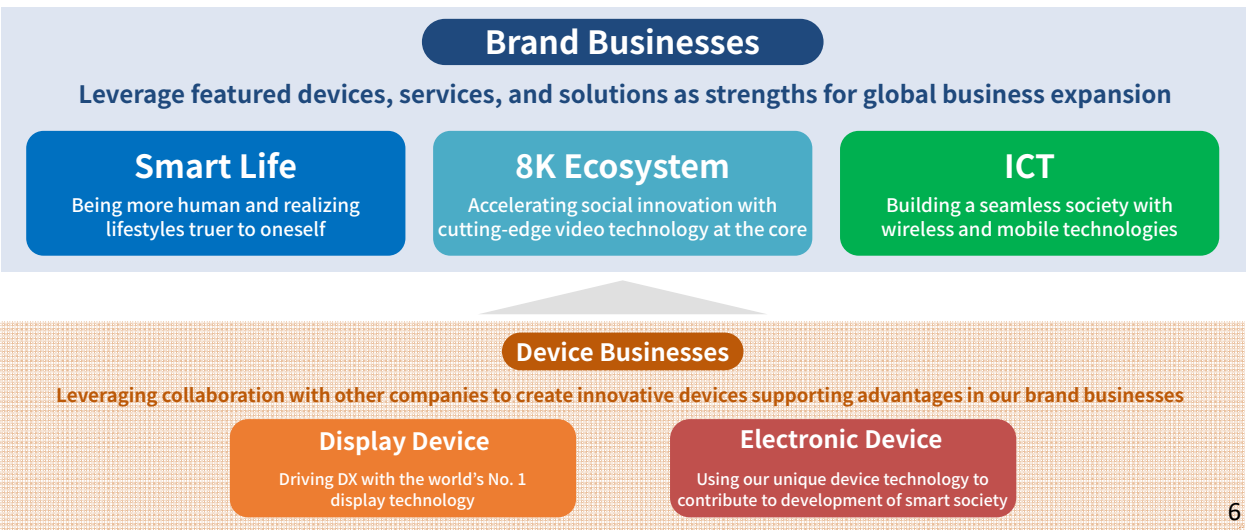
Resolving labor shortages

Realizing a carbon-free society

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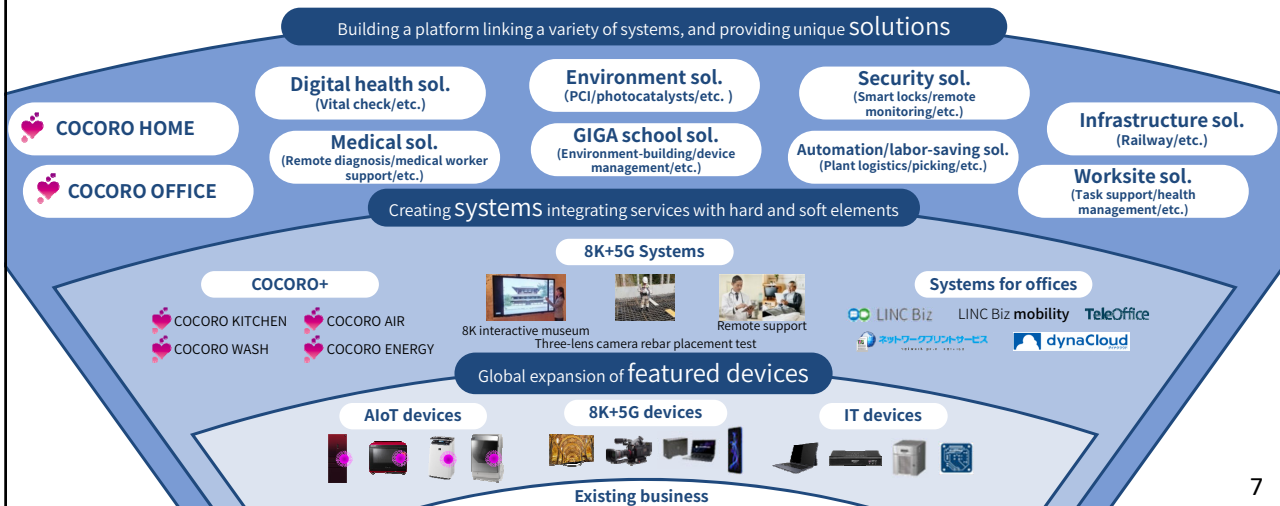


Bringing the three core brand businesses and supporting device businesses together into *One SHARP*, and promoting our businesses



(B) Realization of our Business Vision — Changing the World with 8K+5G and AIoT

Innovate business with our featured devices powered by cutting-edge technologies such as 8K, 5G and AIoT to provide **solutions unique to Sharp**. By doing so, we will strengthen profitability and aim for an **operating profit margin of 7.0% or higher** (brand businesses)



(C) Return to Corporate Bond Markets

Stably generating free cash flows by maximizing operating cash flows and increasing investment efficiency and **improving financial position**.
Pave the way for a future return to corporate bond markets

Immediate Goals



(1) Net D/E ratio under 1.0
(Net interest-bearing debt ÷ Equity)

(2) Equity ratio of 25%+

- Thorough emphasis of quality above quantity (Targeting 7%+ operating profit margin for brand businesses)
- Reduction of working capital (E.g. maintaining appropriate inventory levels)

- Expanding investment in brand businesses
- Acquisition of external funds - Expand investments while reducing in-house investment in device businesses

- Dividend payout ratio of 30% (basic policy)
- Work to reduce interest-bearing debt while securing appropriate levels of cash on hand

Through efforts in each of the ESG areas, we will contribute to the realization of a sustainable society and seek to build a **strong business infrastructure capable of supporting sustainable growth**



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



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



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

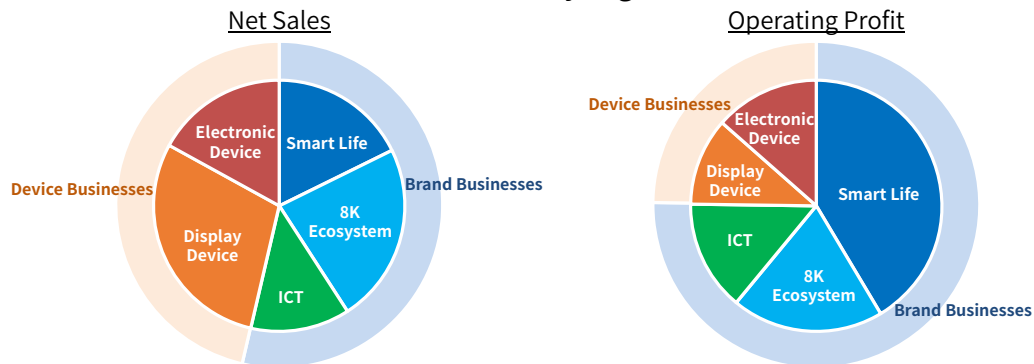
2. Initiatives in FY2021

1) Consolidated Financial Results Forecast for Fiscal 2021

Consolidated Financial Results Forecast for Fiscal 2021

| | | |
|----------------------------------|---------------------------------|--------------------------------|
| Net Sales | Operating Profit | Operating Profit Margin |
| 2,550.0 billion yen (+ 5.1% YoY) | 101.0 billion yen (+ 21.5% YoY) | 4.0% (+ 0.6%pt YoY) |

Breakdown by Segment



2) Priorities for Brand Businesses

| | Smart Life | 8K Ecosystem | ICT |
|----------|---|---|---|
| New | <ul style="list-style-type: none"> ● Further expansion of sales of AIoT devices and services in Japan and strengthening the category lineup in anticipation of expansion of overseas AIoT business (Taiwan, Europe, USA, ASEAN) ● Global PCI business expansion and strengthening health care business ● Expansion of overseas EPC/IPP business centered on emerging countries | <ul style="list-style-type: none"> ● Acceleration of smart office businesses by expanding COCORO OFFICE services and by acquiring Western IT vendors ● Using resource sharing with SNDS to expand commercial display business globally ● Strengthening e-commerce business and accelerating solution proposal for COCORO members | <ul style="list-style-type: none"> ● Expanding businesses leveraging the cloud: solutions supporting introduction of remote work, and solutions for education ● Accelerating new businesses, e.g. digital health business |
| Existing | <ul style="list-style-type: none"> ● Creating white goods with unique features and stylish design to earn higher profit margins ● Using new storage battery models and solar panels to expand residential energy solutions business | <ul style="list-style-type: none"> ● Using negotiations bundling with services for offices/solution products to incorporate recovery in MFP demand ● Global expansion of television business | <ul style="list-style-type: none"> ● Strengthening cost capabilities and mid-line capabilities capturing changes in domestic smartphone demand to increase market share ● Global expansion of PC business |

SHARP

Be Original.

[Appendix] Disclosure segment



| Disclosure segments | Brand Businesses | | | Device Businesses | |
|---------------------|---|---|---|--|--|
| | Smart Life | 8K Ecosystem | ICT | Display Device | Electronic Device |
| Sharp Corporation | <ul style="list-style-type: none"> Smart Appliances & Solutions Business | <ul style="list-style-type: none"> Smart Business Solutions Business Smart Display Systems Business | <ul style="list-style-type: none"> Mobile Communication Business | | |
| Subsidiaries | <ul style="list-style-type: none"> Sharp Energy Solutions Corporation | <ul style="list-style-type: none"> Sharp NEC Display Solutions, Ltd. Sharp COCORO Life Inc. | <ul style="list-style-type: none"> Dynabook Inc. | <ul style="list-style-type: none"> Sharp Display Technology Corporation | <ul style="list-style-type: none"> Sharp Sensing Technology Corporation Sharp Fukuyama Laser Co., LTD. Sharp Fukuyama Semiconductor Co., LTD. |