

Special Feature: Medium-Term Management Plan

from defense to offense

Transformation

People-Oriented IoT

8K Ecosystem

Next
100
Years

Sustained
Growth



Survival Structural Reform

- 1 Stronger business management
- 2 Stronger cost competitiveness
- 3 Prepare for growth



FY2016

FY2017

FY2018

FY2019

FY2020 -

I. Current Status

Promote higher added value by creating new businesses and expanding operations globally

Sharp's current status

Business opportunities

Strengths

- Wide range of businesses
- Unique technologies
- Inventive products
- Innovative devices

Weaknesses

- Product lineup
- Generational upgrades of device equipment
- Employees/resources to support global expansion

Strengths becoming stronger

Stronger management

Synergies with Hon Hai Group

New technologies

AI & IoT

Create new services through AI-based advanced data analysis and IoT-based device-cloud connectivity.



8K Ecosystem

Dramatically expand applicable fields for displays and related devices through advances in high resolution, leading to birth of various new businesses.

Global market

Business expansion using technology and cost competitiveness

FY2016
TV market (unit sales)



FY2016
Small and medium-size display market (unit sales)



Higher added value to businesses

Sharp has multiple strengths that include wide range of businesses, unique technologies, inventive products, and innovative devices. However, we are weak in some areas, such as product lineup, generational upgrades of device equipment, and employees/resources to support global expansion.

Going forward, we will further reinforce our strengths while strengthening management capabilities and generating synergies with the Hon Hai Group. We will capture significant business opportunities and promote higher added value by deploying AloT* and 8K technologies to create new businesses, as well as by expanding our operations in the global market.

*AloT is a registered trademark of Sharp Corporation.



II. Overview of Medium-Term Management Plan

Realize “People-Oriented IoT” and “8K Ecosystem” to build foundation for next 100 years

Smart Homes

Provide convenience and comfort through solutions that connect devices and services

AIoT Business Strategy Office

Smart Business Solutions

Provide solutions that raise productivity in offices, factories, etc.

IoT Electronics Devices

Create sensors and other feature-rich devices that support smart society

8K Ecosystem Business Strategy Office

Advance Display Systems

Create advanced displays that enhance communications between devices and people

One SHARP

People-Oriented IoT

AIoT (AI and IoT) devices will sense change, think and suggest best solutions as your partner. Sharp calls it “People-Oriented IoT.” By expanding this concept to smart homes, smart offices, smart factories, smart cities, and the like, we will realize a smart society in which people play the leading role.

8K Ecosystem

With 16 times the resolution of full high-definition, 8K ultrahigh-definition video delivers overwhelming reality with phenomenal presence and stereoscopic effect, and promise to bring new discoveries by clearly projecting fine details that had not been possible in the past.

Through a value chain ranging from image creation and editing to distribute and display, Sharp is building 8K Ecosystem that will spark major successive innovations in various fields in addition to broadcasting, including medical, security, inspection systems, and infrastructure maintenance.

1) Reorganization

We have rearranged our organization to realize our People-Oriented IoT and 8K Ecosystem. After considering the characteristics of operations, we have established four business domains: Smart Homes, Smart Business Solutions, IoT Electronics Devices, and Advance Display Systems. We also newly established two business strategy offices: the AIoT Business Strategy Office and the 8K Ecosystem Business Strategy Office, to enhance communication and cooperation between business domains.

We target business expansion as One SHARP by strengthening the operations of individual businesses as well as by maximizing inter-business synergies and effectively utilizing management resources.

2) Basic strategy

Under the Medium-Term Management Plan, we will work to re-invent our business model, expand our business globally, and strengthen our business infrastructure in three fields: business, arena of competition, and operation.

To ensure steady progress with these initiatives, we will comprehensively strengthen our unique technologies and reinforce our human resources.

By transforming ourselves into a company that delivers People-Oriented IoT and 8K Ecosystem, we will expand our business and lay a foundation for the next 100 years.

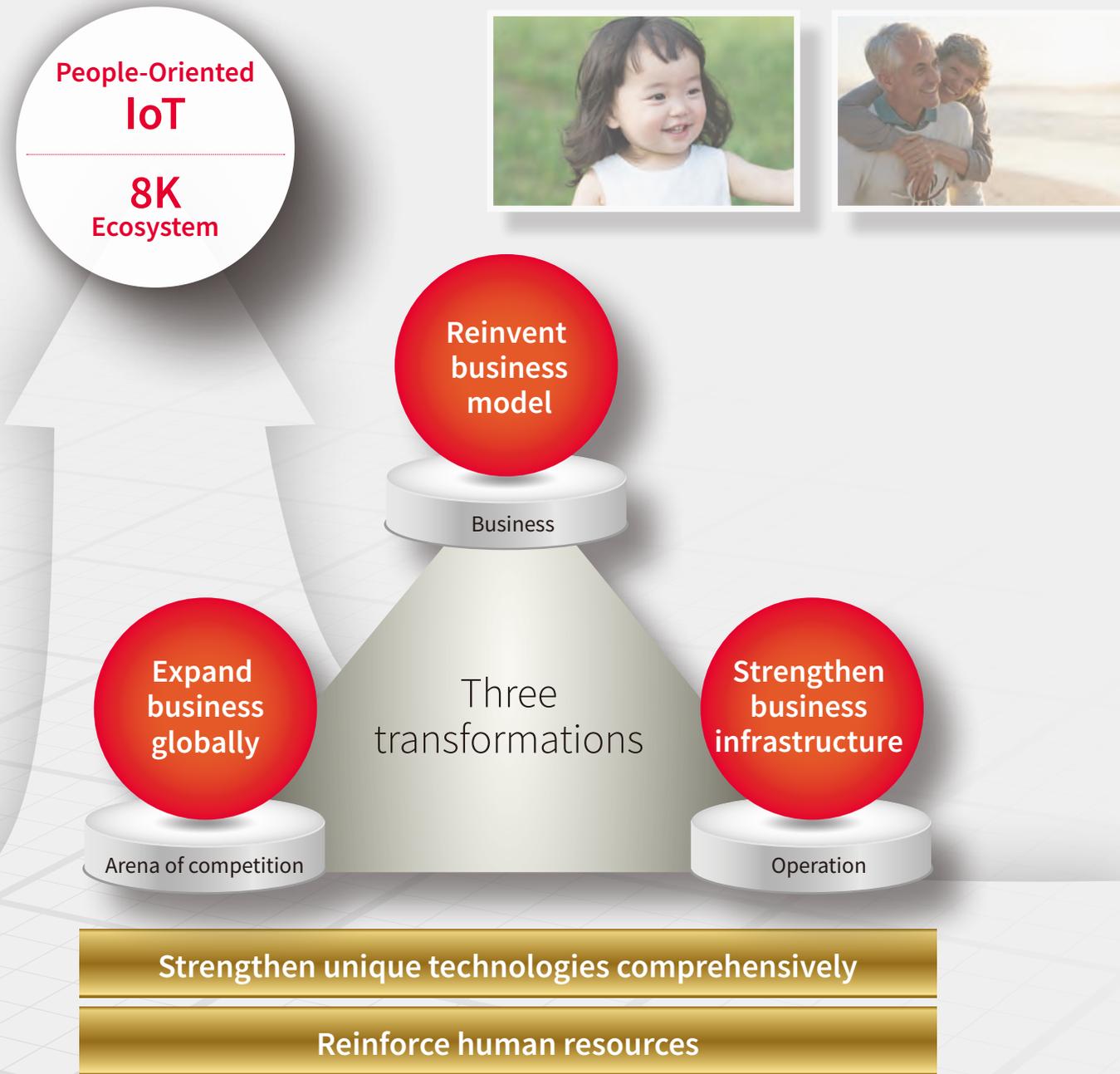
Foster managerial resources and challenge-driven corporate culture

In order to effectively implement the Medium-Term Management Plan and become a company that maintains continuous growth into the future, we believe that attracting and nurturing human resources that is the pillar of our businesses is more important than anything else. In addition to further strengthening our performance-based personnel system, we will actively recruit exceptional human resources, upgrade our training systems, and otherwise promote human resource development.

3) Governance system

In addition to transitioning to a company with Audit & Supervisory Committee system, Sharp has reinstated its executive officer system, strengthened the supervisory function, and enhanced the flexibility of business execution.

We will promote business activities based on a structure of nine members of the Board (including three Audit & Supervisory Committee members) and 12 executives (including five members of the Board).



III. Business Domains

Business expansion strategy for four business domains

Smart Homes

Enrich people's lives from smart homes to smart towns

We propose the concept of “new living supported by various services in which people and devices communicate through voice.”

Sharp offers a wide variety of devices, such as smartphones,

white goods, and solar power systems, and has already commercialized some AIoT-compatible products.

In addition to strengthening the functions and lineup of these AIoT devices, we will upgrade our services. Our devices and services will understand people's tastes, behavior and living environment, and propose healthy and comfortable living scenarios. Our aim is to provide them as people's partner and realize smart living, smart kitchens, smart eco, smart security, smart mobile, and the like.

Furthermore, we will advance our AIoT technology platform and broaden the world of smart homes. Eventually, we will realize smart towns where we will be in partnership with local communities, public institutions and real-life services, such as medical, nursing, and security.



Smart Business Solutions

Make full use of AIoT and data analysis to spark innovation at the business frontlines

Sharp has wide range of products, not only MFPs but also high-definition displays, various sensing devices, and AIoT technologies etc. We will deploy the strength to deliver a range of solutions that increase productivity at the business frontlines.

We will provide smart office to enhance information-sharing and increase productivity, smart signage to design visual spaces and change urban landscapes, smart retail to increase store productivity and provide omni-channel communication, and smart factory to improve all-round efficiency, from production, inspection, and logistics to equipment.

AIoT

Data collection/
analysis

Device
management

Smart Office

- Share information anywhere anytime
- Improve productivity
- Promote innovation



Smart Signage

- Visualized communications
- Optimal visual space design
- Signage consulting



Smart Retail

- In-store digital signage service
- Improve back-office productivity
- Attract more customers via data analysis



Smart Factory

- Automated transport using robots
- Innovative logistics solutions
- Automated outdoor security robots



Devices and ICT service platform

Display and sensing devices

IoT Electronics Devices

Realize People-Oriented IoT and 8K Ecosystem rallying around the One SHARP concept
Create new application leveraging our unique devices

Leveraging unique technologies that we have cultivated over many years, IoT Electronics Devices domain will promote development of devices and modules that support growth in the 8K,

IoT, and automotive fields as a cornerstone of One SHARP.

In the 8K field, we will deploy our technologies acquired in the development of high-sensitivity, high-image-quality, low-noise CMOS image sensors to create devices indispensable to realizing the 8K Ecosystem, including high-performance, low-power-consumption, high-resolution image-processing back-end SoCs for televisions.

In the IoT field, we will combine optical, analog technologies and RF technologies, and create low-power-consumption, high-sensitivity, highly noise-resistant, ultrasmall sensing devices

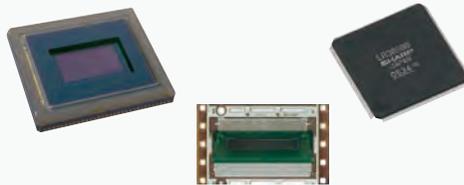
and modules.

We will also contribute to dramatic advances in the automotive field by utilizing our full lineup of R/G/B/IR (infrared) lasers in addition to our viewing cameras, which are highly regarded for their reliability.



8K Ecosystem

Uniquely developed devices for creating 8K Ecosystem



- 8K CMOS image sensor and codec
- 8K video processor and timing controller
- 8K storage

IoT

IoT devices to support safe, secure, healthy, and comfortable lives



- Sensor (environment, human, distance, etc.)
- Microprocessing
- Image processing

Automotive

Highly reliable devices that contribute to dramatic automotive evolution



- ADAS (LiDAR, ToF, automotive camera, electric mirror)
- R/G/B/IR laser

Optoelectronics technologies: Laser, CIS/CCD, optical sensor

Process technologies: Low on-resistance, low cost (mask reduction) process, low defect, low power consumption, low noise color filter, micro lens, global shutter

Advance Display Systems

Connect people and devices with advanced displays to enrich people's lives

In addition to creating advanced display technologies, we will enrich people's lives by strengthening communication between

devices and people.

Sharp has numerous display technologies—including 8K displays that deliver the ultimate video experience and free-form displays (FFD) with design-free technology—as well as a variety of AIoT technologies.

Deploying these strengths to maximum effect, we will create stylish mobile devices and advanced 8K televisions. We will also propose advanced displays unseen before in other fields, such

as automobiles and avionics, medical, education, and public infrastructure.

In addition, we will use our amassed expertise in display technologies to create innovative devices in non-display fields, including thin, lightweight satellite antennas and extremely low-radiation X-ray sensors.



Personal

- Highly appealing display designs
- Highly mobile, low power consumption

Home

- Realistic experiences via 8K resolution
- Expand AQUOS family of devices to advance home display offerings

COCORO VISION **COCORO VIDEO**
presented by Video Market

Automotive and Avionics

- Contribute to evolving connected car features
- Advanced design with IGZO features

Medical and Infrastructure

- Apply to medical field through display technologies
- Adoption of IoT, smart technologies in advertising, education, and entertainment

High-resolution technologies
(8K/HMD)

Design-free technologies
(FFD, see-through, curved)

Low-power-consumption technologies

Applied display technologies
(Liquid crystal antennas, X-ray sensors, μ fluid devices)

Backplane technologies (IGZO, etc.)

IV. Business Targets

We are targeting net sales of ¥3,250 billion and operating profit of ¥150 billion in fiscal 2019

The four business domains and two business strategy offices will operate as One SHARP.

We will also pursue a V-shaped recovery in net sales, which fell to ¥2,050.6 billion in fiscal 2016, with targets of ¥2,510 billion in fiscal 2017, ¥2,890 billion in fiscal 2018, and ¥3,250 billion in fiscal 2019. In addition, we have an operating profit target of ¥150 billion in fiscal 2019.

Targets by Fiscal Year

