

Consolidated Financial Results for the First Quarter, Fiscal 2018

I . Consolidated Financial Results for the First Quarter, Fiscal 2018

II . Supplementary Data

SHARP CORPORATION

July 31, 2018

Forward-Looking Statements

This presentation contains certain statements about the future plans, strategies, and performance of Sharp Corporation and its consolidated subsidiaries (“the Company” or “Sharp”). Statements not based on historical or present facts are assumptions and estimates based on information available at the time. Future plans, strategies, and performance are subject to known and unknown risks, uncertainties, and other factors. Actual performance, business activities, and financial position may differ materially from the assumptions and estimates provided herein due to risks, uncertainties, and other factors. Sharp is under no obligation to update these forward-looking statements in light of new information, future events, or other factors. Risks, uncertainties, and other matters that could affect actual results include, but are not limited to, the following factors:

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

*Amounts less than 100 million yen shown in this presentation material have been rounded down.

*Year-on-year change has been calculated based on 100 million yen units. Percentage change has been calculated based on actual figures.

I . Consolidated Financial Results for the First Quarter, Fiscal 2018

Consolidated Financial Results for the First Quarter, Fiscal 2018 (1)

- Q1 financial results continue to perform well as Sharp works to achieve our medium-term management plan
- Net sales were higher year on year for six consecutive quarters since Q4 FY2016
- Every profit measure showed significant growth; operating profit rose sharply, approaching 1.5 times year on year
- Equity ratio rose above 20% for the first time in six years and three months

SHARP

2

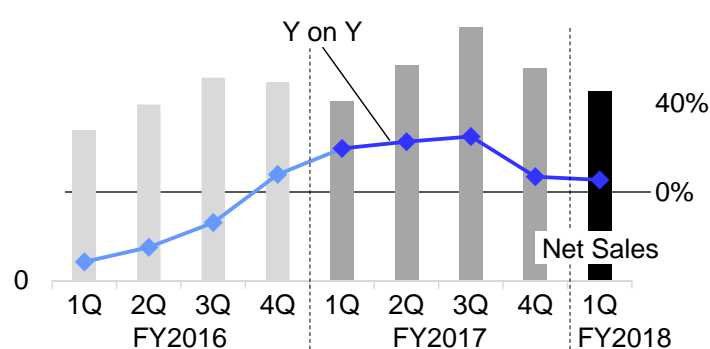
- First, let's take a look at consolidated earnings for the first quarter of fiscal 2018.
- First quarter financial results continue to perform well as Sharp works to achieve our medium-term management plan.
- Net sales were higher year on year for the sixth consecutive quarter since the fourth quarter of fiscal 2016.
- Every profit measure showed significant growth. Operating profit, in particular, rose sharply, up 1.5 times compared to the same period in the prior fiscal year.
- In conjunction with this performance, equity ratio rose above 20% for the first time in six years and three months.

Consolidated Financial Results for the First Quarter, Fiscal 2018 (2)

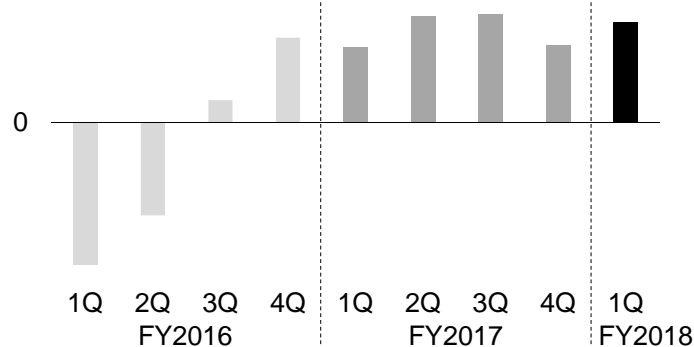
(Billions of Yen)

	FY2017	FY2018		FY2018	
	1Q	1Q	Y on Y	First Half Forecast	Fiscal Year Forecast
Net Sales	506.4	533.8	+5.4%	1,300.0	2,890.0
Operating Profit	17.1	24.8	+45.0%	46.0	110.0
Ordinary Profit	17.1	21.2	+23.9%	43.0	100.0
Profit Attributable to Owners of Parent	14.4	19.2	+32.6%	36.0	80.0
Avg. Exchange Rate					
USD/JPY	110.10	108.07			102.00
Euro/JPY	120.69	128.56			126.00

Net Sales



Profit Attributable to Owners of Parent



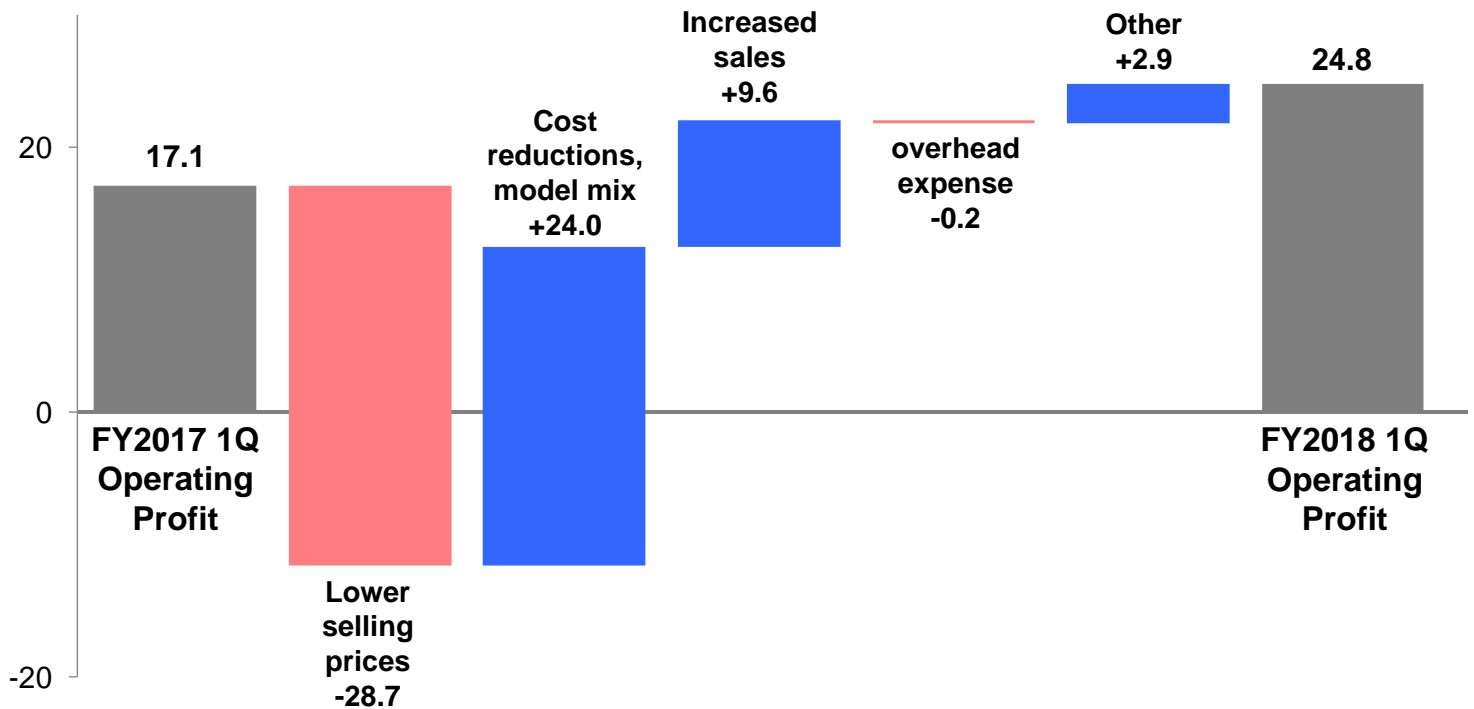
SHARP

3

- The next slide summarizes our results for the first quarter of fiscal 2018.
- Net sales rose 5.4% year on year to 533.8 billion yen. We began initiatives in earnest to grow our business in the fourth quarter of fiscal 2016. Since that time, we have consistently delivered year on year sales growth.
- Every profit measure showed significant improvement. In addition to steady sales, cost reductions and other efforts resulted in operating profit amounting to 24.8 billion yen, an improvement of 45.0% year on year. Ordinary profit was 21.2 billion yen, up 23.9%, while profit attributable to owners of parent was 32.6% higher at 19.2 billion yen.
- We have not made any changes to the fiscal 2018 financial results forecast we announced on April 26.

Operating Profit Analysis (Y on Y) for the First Quarter, Fiscal 2018

(Billions of Yen)



SHARP

4

- The next graph shows our analysis of year-on-year changes in operating profit.

As you can see, first quarter operating profit was 7.7 billion yen higher year on year, reaching 24.8 billion yen.

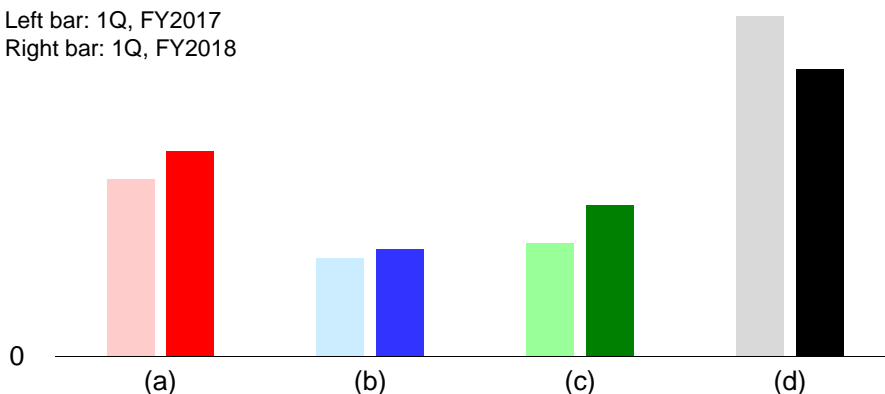
- While lower selling prices had a negative impact of 28.7 billion yen on profits, 24.0 billion yen in cost reductions, 9.6 billion yen in increased sales, and other factors combined to ensure profit growth approaching 1.5 times the same period in the prior fiscal year.

Sales by Segment

(Billions of Yen)

	FY2017	FY2018	
	1Q	1Q	Y on Y
(a) Smart Homes	130.2	150.5	+15.6%
(b) Smart Business Solutions	72.1	78.6	+8.9%
(c) IoT Electronics Devices	83.2	111.2	+33.6%
(d) Advance Display Systems	249.6	211.1	-15.4%
Subtotal	535.3	551.5	+3.0%
Adjustments	-28.8	-17.6	-
Total	506.4	533.8	+5.4%

Left bar: 1Q, FY2017
Right bar: 1Q, FY2018



SHARP

*Sales include inter-segment sales and transfers.

5

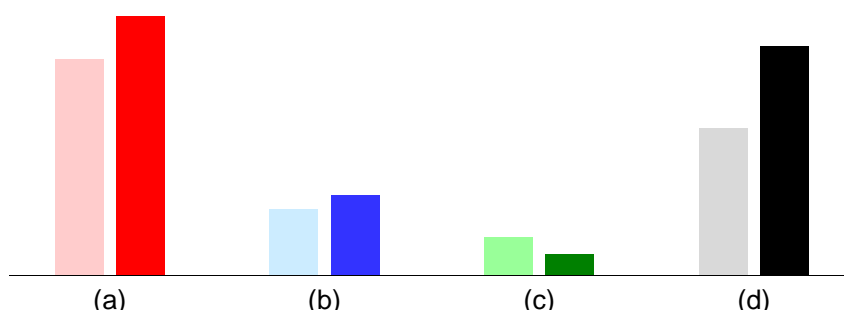
- This next slide shows sales by segment.
- Smart Homes segment sales grew 15.6% year on year to 150.5 billion yen.
AQUOS R series, AQUOS sense, and other mobile phones showed increased sales for the period. In addition, sales of the cordless RACTIVE Air and other vacuum cleaners significantly outperformed the same period in the prior fiscal year. Sales of air conditioners, washing machines, refrigerators, and other appliances were also strong.
Our energy solution business reported strong results in overseas EPC sales.
- The Smart Business Solutions segment reported year-on-year growth of 8.9%, recording sales of 78.6 billion yen. This result was mainly due to strong overseas sales of multi-function printers.
- Our IoT Electronics Devices segment recorded 33.6% higher year-on-year sales, reaching 111.2 billion yen. In addition to strong sales of sensor modules and camera modules for smartphones, the segment also reported higher sales of our unique devices, including semiconductors.
- Our Advance Display Systems segment recorded sales of 211.1 billion yen, down 15.4% year on year. This result was mainly due to our limiting sales of LCD TVs in China in consideration of distribution stock.
Excluding our performance in China, where we limited sales intentionally, our LCD TV sales increased, mainly due to higher sales in Europe and Asia.
Our display business recorded sales level with the same period in the prior fiscal year. Sales of panels for smartphones in China were lower, while price declines for large-size panels also impacted performance. On the positive side, sales were strong for smartphone panels sold to major customers and for medium-size panels for use in PCs, tablets, and automotive displays.

Operating Profit by Segment

*Figures within parentheses indicate operating margin. (Billions of Yen)

	FY2017		FY2018	
	1Q		1Q	Y on Y
(a) Smart Homes	9.9	(7.6%)	11.8	+19.9%
(b) Smart Business Solutions	3.0	(4.2%)	3.6	+20.7%
(c) IoT Electronics Devices	1.7	(2.1%)	0.9	-43.5%
(d) Advance Display Systems	6.7	(2.7%)	10.5	+55.6%
Subtotal	21.4	(4.0%)	27.0	+26.1%
Adjustments	-4.3		-2.2	-
Total	17.1	(3.4%)	24.8	+45.0%

Left bar: 1Q, FY2017
Right bar: 1Q, FY2018



SHARP

6

- Let's turn to the next slide, which shows operating profit by segment. Each segment continues to report operating profits.
- Smart Homes segment operating profit amounted to 11.8 billion yen, a 19.9% increase year on year. Operating profit was pushed significantly higher by increased sales of mobile phones and white goods, as well as our own ongoing cost reduction measures.
- The Smart Business Solutions segment recorded 3.6 billion yen in operating profit, up 20.7%. This result reflects both sales growth and reduced overhead expenses.
- Operating profit for IoT Electronics Devices remained in positive territory at 900 million yen, down 43.5% year on year. Higher sales and ongoing cost reduction measures had a positive impact on profits, while depreciation and amortization expenses increased, stemming from growth investments.
- Our Advance Display Systems business recorded a year-on-year operating profit increase of 55.6% to 10.5 billion yen. Our LCD TV business recorded lower sales due to limits we placed on sales in China. However, cost reduction measures, route mix improvements, and other factors led to wide profit gains. Our display business also recorded significantly improved operating profit. This result was mainly due to a combination of cost reduction measures and higher ratios of sales of medium-size panels for PCs, tablets, and automotive displays.

Non-operating Income (Expenses)/Extraordinary Income (Losses)

(Billions of Yen)

	FY2017	FY2018	
	1Q	1Q	Difference (Y on Y)
Operating Profit	17.1	24.8	+7.7
Non-operating Income (Expenses)	0.0	-3.5	-3.5
Interest expense	-1.2	-1.1	+0.1
Foreign exchange loss	+2.3	-4.6	-6.9
Share of profit (loss) of entities accounted for using equity method	+0.5	-2.3	-2.8
Ordinary Profit	17.1	21.2	+4.1
Extraordinary Income (Losses)	-0.7	+0.8	+1.5
Loss on step acquisitions	-0.9	-	+0.9
Pretax Income	16.4	22.1	+5.7
Income Taxes, etc.	-1.9	-2.9	-1.0
Profit Attributable to Owners of Parent	14.4	19.2	+4.8

SHARP

7

- The next slide addresses non-operating income, extraordinary income, and income taxes.
- During the first quarter of the fiscal year, we incurred foreign exchange losses and share of losses of entities accounted for using equity, both recorded as non-operating expenses.
- Income taxes rose year on year, mainly due to higher profits.

Consolidated Balance Sheets

- Cash and deposits were 305.2 billion yen at June 30, 2018, compared to 422.3 billion yen on March 31, 2018. This result was mainly due to dividend payments and payments related to equipment
- Net assets as of June 30, 2018 amounted to 403.6 billion yen, an increase of 1.9 billion yen compared to March 31, 2018
- Equity ratio improved to 20.9%, breaking above 20% for the first time in six years and three months

	FY2017		FY2018		(Billions of Yen)		
	End of Dec.	End of Mar.	End of Jun.		End of Dec.	End of Mar.	End of Jun.
Cash and deposits	397.6	422.3	305.2	Notes and accounts payable - trade	510.4	429.4	385.3
Notes and accounts receivable - trade	578.8	471.5	442.1	Short-term loans payable	79.2	81.2	83.2
Inventories	214.4	219.7	252.0	Current portion of bonds payable	0.0	10.0	10.0
Other current assets	116.4	103.6	120.8	Other current liabilities	333.8	312.7	272.2
Current Assets	1,307.5	1,217.1	1,120.3	Current Liabilities	923.5	833.4	750.8
Property, plant and equipment	419.0	428.5	422.7	Bonds payable	40.0	30.0	30.0
Intangible assets	43.5	44.7	45.8	Long-term loans payable	505.2	507.0	506.7
Investments and other assets	227.5	217.8	244.8	Other non-current liabilities	139.4	136.2	142.4
Non-current Assets	690.1	691.2	713.3	Non-current Liabilities	684.6	673.2	679.2
Deferred Assets	0.0	0.0	0.0	Net Assets	389.5	401.7	403.6
Total Assets	1,997.7	1,908.4	1,833.7	Total Liabilities and Net Assets	1,997.7	1,908.4	1,833.7
Exchange Rate, End of Period				Equity Ratio	18.7%	19.8%	20.9%
USD/JPY	112.05	105.27	109.54				
Euro/JPY	133.45	129.08	126.38				

Notable changes in cash and deposits (vs. FY2017)

Dividend payments	-21.0
Payments related to equipment	-49.6
Increase in inventories for Q2 sales and beyond, etc.	-32.3

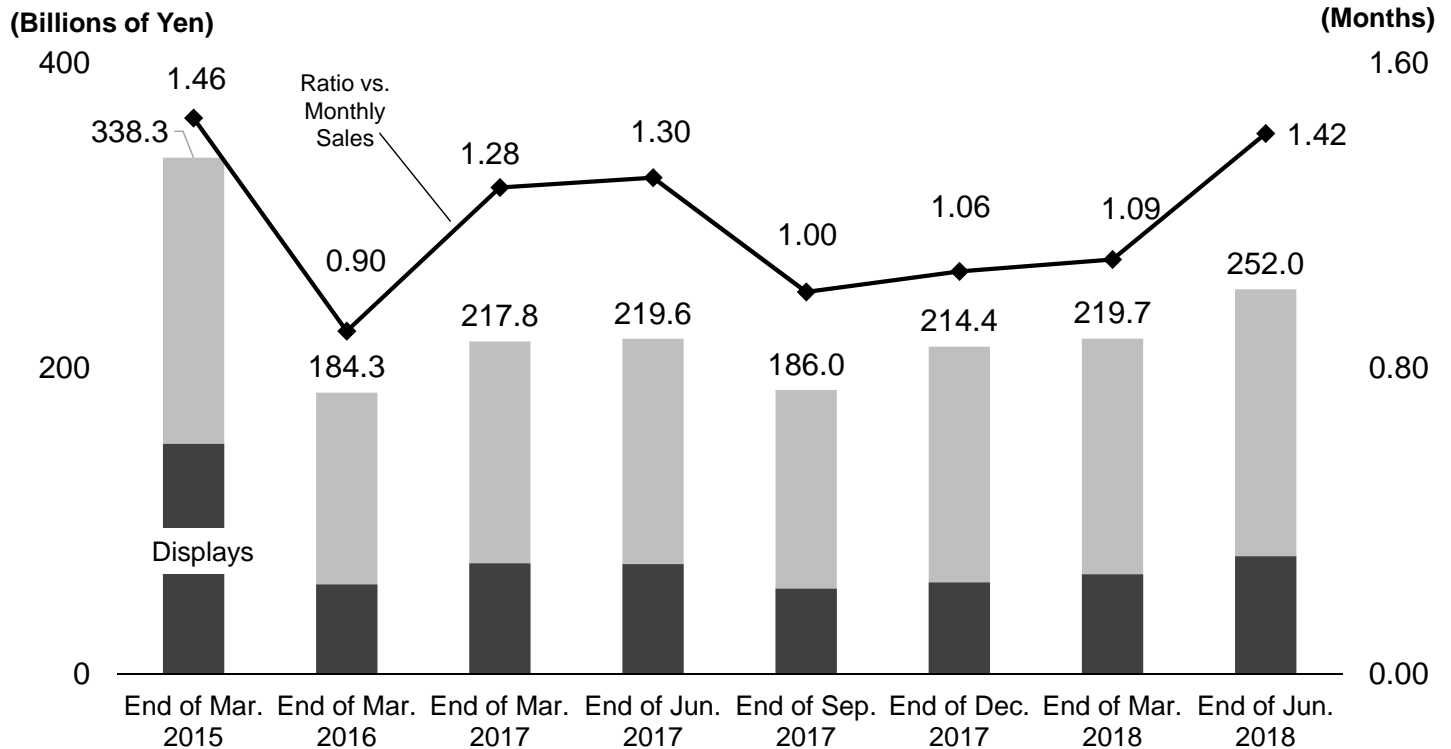
SHARP

8

- The next slide provides information about our balance sheets.
- Cash and deposits amounted to 305.2 billion yen as of the end of the first quarter, compared to 422.3 billion yen at the end of fiscal 2017. While profits continue to be strong, this balance in cash and deposits reflects our payment of dividends for the first time in six years, payments related to equipment, securing of inventory for second-quarter sales and beyond, and other factors
- Net assets as of the end of the first quarter amounted to 403.6 billion yen, an increase from 401.7 billion yen at the end of fiscal 2017. While the company paid dividends during the period, profit attributable to owners of parent contributed to this increase in net assets.
- Our equity ratio improved to 20.9%, up from 19.8% at the end of fiscal 2017. Steady profit increases led to this ratio breaking above 20% for the first time in six years and three months.

Inventory Trends

- Inventory amounted to 252.0 billion yen on June 30, 2018, compared to a balance of 219.7 billion yen as of March 31, 2018. This change was due in part to conversion of affiliates to consolidated subsidiaries and securing materials for introducing new products
- The company intends to maintain appropriate inventory levels reflecting future sales plans



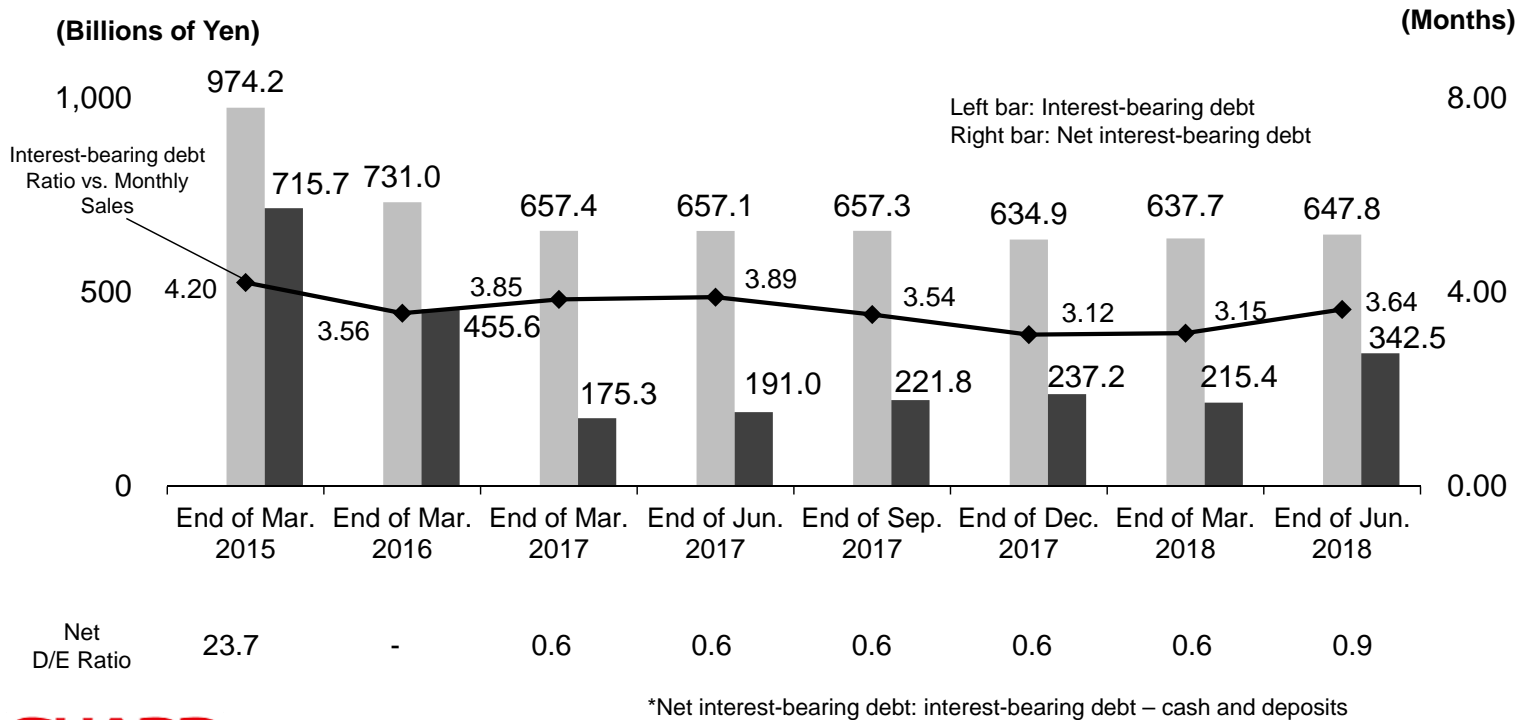
- The next slide discusses our inventory trends.
- Inventory at the end of the first quarter amounted to 252.0 billion yen, compared to 219.7 billion yen at the end of fiscal 2017. Our ratio of inventory to monthly sales changed from 1.09 months to 1.42 months.

As we work to strengthen our vertically integrated business, we have converted certain affiliates to consolidated subsidiaries. Further, we have been securing materials and components in preparation to introduce new products in the second quarter and beyond.

- We intend to maintain appropriate inventory levels reflecting demand trends and sales risks in the future.

Interest-Bearing Debt Trends

- Interest-bearing debt on June 30, 2018 amounted to 647.8 billion yen, compared to 633.7 billion yen as of March 31, 2018
Interest-bearing debt to monthly sales ratio changed from 3.15 months to 3.64 months
- Net interest-bearing debt* amounted to 342.5 billion yen, compared to 215.4 billion yen as of March 31, 2018



SHARP

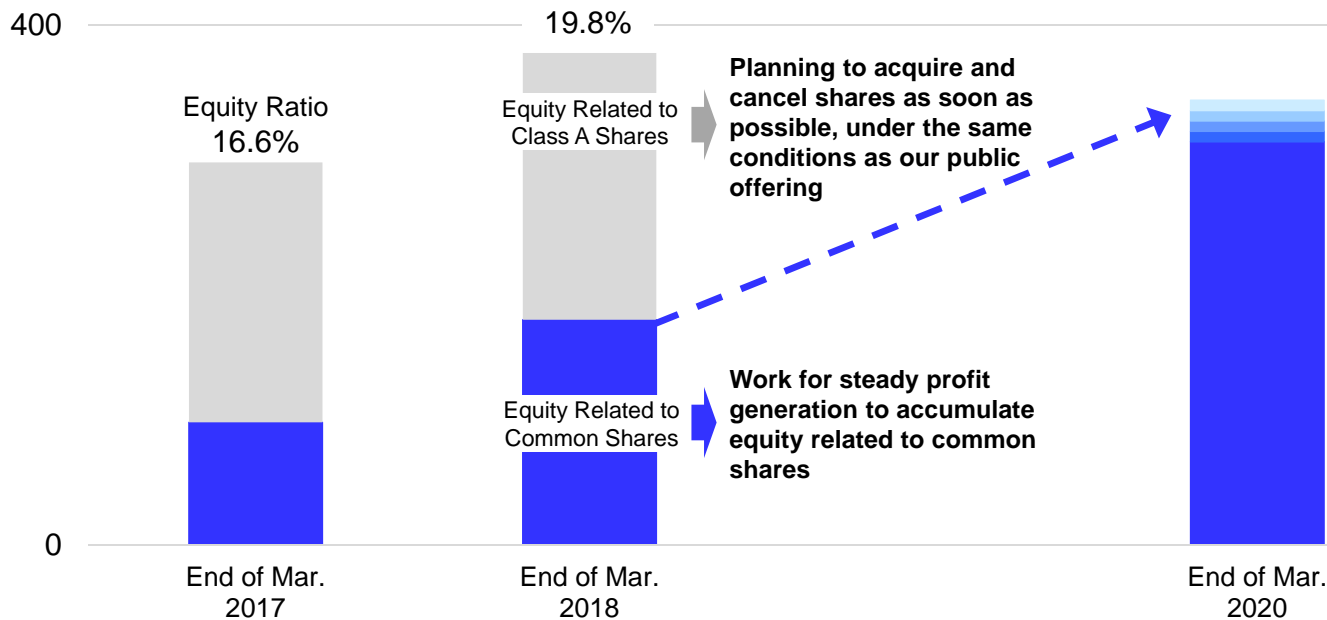
10

- Next, let's take a look at interest-bearing debt.
- Interest-bearing debt as of the end of the first quarter amounted to 647.8 billion yen, up from 637.7 billion yen at the end of fiscal 2017.
Net interest-bearing debt amounted to 342.5 billion yen, compared to 215.4 billion yen at the end of fiscal 2017. This result was mainly due to lower cash and deposit balances stemming from dividend payments and other temporary factors.
- We will continue to optimize inventories and invest more efficiently in equipment to improve cash flows.

Equity and Capital Funds

- Sharp has performed in line with our medium-term management plan, growing equity steadily
- The company plans to improve equity qualitatively, using cash on hand to purchase and cancel Class A shares as quickly as possible, as this class of shares involves both uncertainties and preferred dividend payments
- As profits have grown, we have been particularly conscientious in accounts receivable collections and inventory management to improve equity and capital efficiency; at the same time, we have been investing actively as needed to achieve our medium-term management plan and grow our businesses

(Billions of Yen)



*Common shares include Class C shares, which are equivalent to common shares

SHARP

11

- Next, let's look at equity and capital funds.
As you see, consistent profit gains have resulted in a steady rise in equity.
- We believe repurchasing and cancelling Class A shares as soon as possible will be significant for improving equity qualitatively, as such shares involve uncertainties and preferred dividend payments.
- Initially, we planned to acquire shares via public offering. We rejected this plan, however, considering the increasingly unstable stock market. We reasoned that a public offering at this time would not result in a maximum benefit to stakeholders.
At the same time, we have accumulated cash and deposits, while profits have outperformed prior year significantly, signaling steady progress toward our medium-term management plan goals.
Given these circumstances, we are discussing now with Mizuho Bank, Ltd. and MUFG Bank, Ltd. to repurchase Class A shares with cash on hand under the same conditions as we would have provided in a public offering.
- As our business and profits grow, we will be particularly conscientious in accounts receivable collections and inventory management to improve equity and capital efficiency. At the same time, we will invest actively as needed to achieve our medium-term management plan targets.

Changing the World with 8K and AIoT

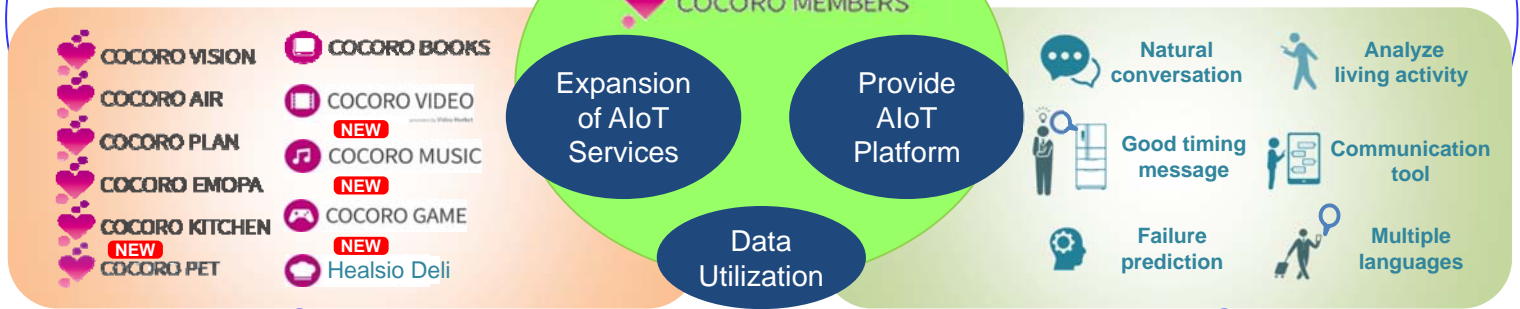
People-Oriented IoT

Smart Homes

9 categories 104 models



Enhance efficiency for customer service with AIoT



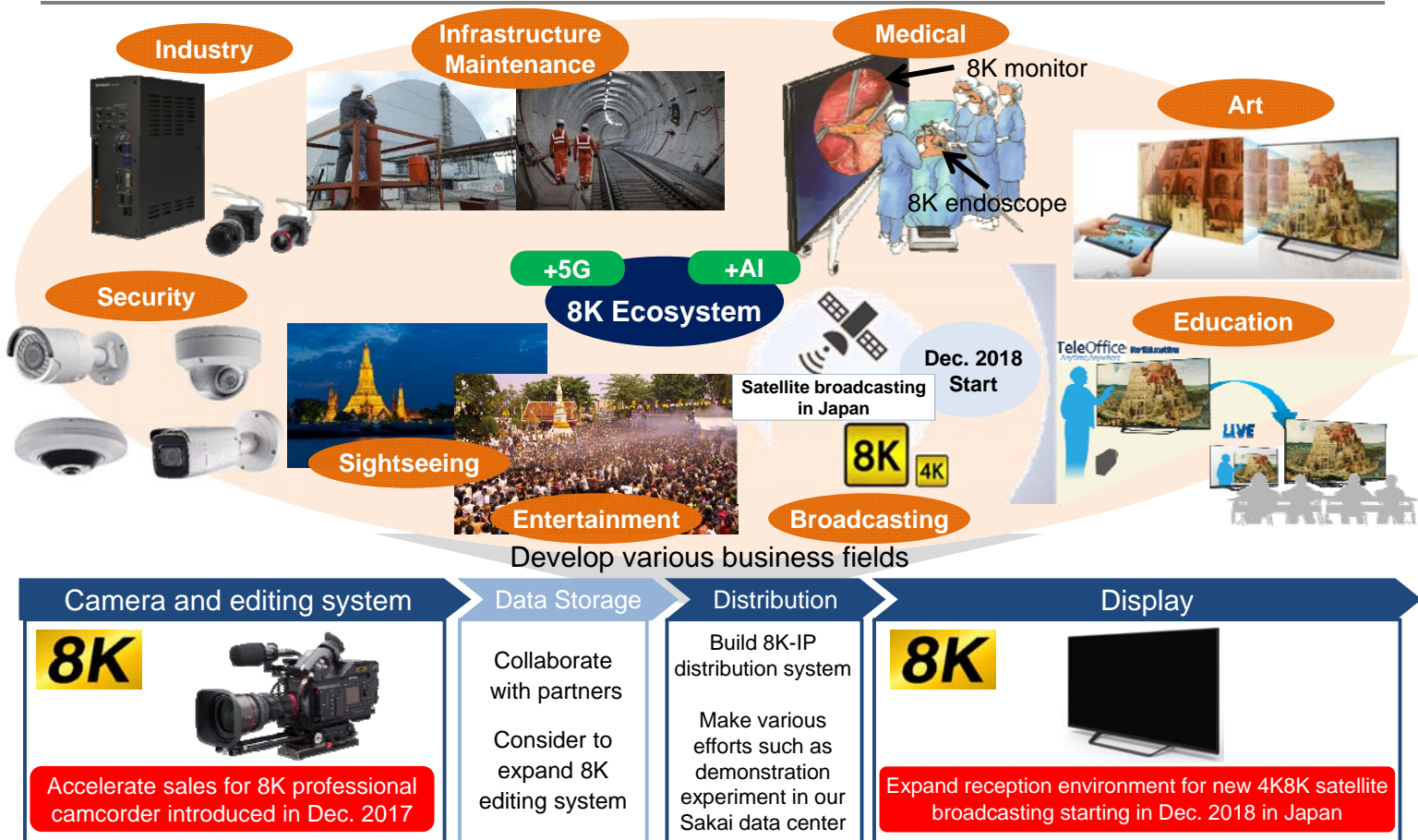
- COCORO VISION
- COCORO AIR
- COCORO PLAN
- COCORO EMOPA
- COCORO KITCHEN
- NEW COCORO PET
- COCORO BOOKS
- COCORO VIDEO
- NEW COCORO MUSIC
- NEW COCORO GAME
- Healsio Deli

SHARP

- Next, I want to talk about our initiatives for Changing the World with 8K and AIoT.
First, let's address People-Oriented IoT.
- As you see here, we are expanding our AIoT device lineup across a range of products. At the same time, we continue to introduce new AIoT services for these devices. These services include COCORO MUSIC, COCORO GAME, COCORO PET, Healsio Deli, and more.
We are offering these AIoT platforms to other companies to create new businesses.
We are also leveraging AIoT to make customer service more efficient.
- Our Smart Business Solutions segment is also changing business through the use of AIoT in areas including smart offices, smart signage, smart retail, and smart factories.

Changing the World with 8K and AIoT

8K Ecosystem



SHARP

13

- Next, let's discuss our 8K Ecosystem
- In the broadcast sector, we plan to develop wide-ranging product lineups that make use of 8K, including AQUOS 8K and the 8K professional camcorder already on sale. We plan to expand into other geographical markets overseas as well.
- We intend to add 5G and AI technologies to this core of 8K products and 8K-related technologies. We expect this strategy to result in business growth across a variety of sectors beyond broadcasting, including medical, security, industry, education, the arts, infrastructure maintenance, entertainment, sightseeing, and more.

We will work with partners in each sector to advance solutions using 8K technologies and accelerate initiatives in our 8K Ecosystem.

II . Supplementary Data

- As supplementary data, we have provided you with sales and operating profit by segment and other information which you can look over at your leisure.
- First quarter financial results continue to perform well as Sharp works to achieve our medium-term management plan.

We will continue to grow our business without pause, strengthening our earnings capacity and improving our financial structure as we maximize profits for our shareholders and other stakeholders.

- Thank you for your attention.

Consolidated Financial Results

(Billions of Yen)

	FY2017			FY2018		
	First Half	Second Half	Fiscal Year	First Half Forecast	Second Half Forecast	Fiscal Year Forecast
Net Sales	1,115.1	1,312.1	2,427.2	1,300.0	1,590.0	2,890.0
Operating Profit	40.5	49.5	90.1	46.0	64.0	110.0
(margin)	(3.6%)	(3.8%)	(3.7%)	(3.5%)	(4.0%)	(3.8%)
Ordinary Profit	41.1	48.1	89.3	43.0	57.0	100.0
(margin)	(3.7%)	(3.7%)	(3.7%)	(3.3%)	(3.6%)	(3.5%)
Profit Attributable to Owners of Parent	34.7	35.4	70.2	36.0	44.0	80.0
(margin)	(3.1%)	(2.7%)	(2.9%)	(2.8%)	(2.8%)	(2.8%)

SHARP

15

Consolidated Quarterly Financial Results

(Billions of Yen)

	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Net Sales	506.4	608.7	714.2	597.8	533.8
Operating Profit	17.1	23.4	29.7	19.7	24.8
(margin)	(3.4%)	(3.9%)	(4.2%)	(3.3%)	(4.6%)
Ordinary Profit	17.1	23.9	29.9	18.2	21.2
(margin)	(3.4%)	(3.9%)	(4.2%)	(3.0%)	(4.0%)
Profit Attributable to Owners of Parent	14.4	20.2	20.6	14.8	19.2
(margin)	(2.9%)	(3.3%)	(2.9%)	(2.5%)	(3.6%)

SHARP

16

Sales by Segment

(Billions of Yen)

	FY2017		
	First Half	Second Half	Fiscal Year
Smart Homes	290.6	317.3	607.9
Smart Business Solutions	162.7	168.4	331.1
IoT Electronics Devices	192.2	299.2	491.5
Advance Display Systems	521.6	564.9	1,086.5
Subtotal	1,167.2	1,349.9	2,517.2
Adjustments	-52.0	-37.8	-89.9
Total	1,115.1	1,312.1	2,427.2

*Sales include inter-segment sales and transfers.

SHARP

17

Operating Profit by Segment

(Billions of Yen)

	FY2017		
	First Half	Second Half	Fiscal Year
Smart Homes	20.4 (7.0%)	23.2 (7.3%)	43.7 (7.2%)
Smart Business Solutions	8.9 (5.5%)	11.2 (6.7%)	20.1 (6.1%)
IoT Electronics Devices	3.6 (1.9%)	1.5 (0.5%)	5.1 (1.0%)
Advance Display Systems	16.3 (3.1%)	20.6 (3.7%)	37.0 (3.4%)
Subtotal	49.3 (4.2%)	56.7 (4.2%)	106.0 (4.2%)
Adjustments	-8.7	-7.1	-15.9
Total	40.5 (3.6%)	49.5 (3.8%)	90.1 (3.7%)

*Figures within parentheses indicate operating margin.

SHARP

18

Quarterly Sales by Segment

(Billions of Yen)

	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Smart Homes	130.2	160.4	148.9	168.3	150.5
Smart Business Solutions	72.1	90.5	80.1	88.2	78.6
IoT Electronics Devices	83.2	109.0	189.3	109.8	111.2
Advance Display Systems	249.6	271.9	314.6	250.2	211.1
Subtotal	535.3	631.9	733.2	616.7	551.5
Adjustments	-28.8	-23.1	-18.9	-18.9	-17.6
Total	506.4	608.7	714.2	597.8	533.8

*Sales include inter-segment sales and transfers.

SHARP

19

Quarterly Operating Profit by Segment

(Billions of Yen)

	FY2017				FY2018
	1Q	2Q	3Q	4Q	1Q
Smart Homes	9.9 (7.6%)	10.5 (6.6%)	10.6 (7.2%)	12.5 (7.5%)	11.8 (7.9%)
Smart Business Solutions	3.0 (4.2%)	5.8 (6.5%)	3.6 (4.5%)	7.6 (8.6%)	3.6 (4.7%)
IoT Electronics Devices	1.7 (2.1%)	1.8 (1.7%)	5.1 (2.7%)	-3.5 (-3.2%)	0.9 (0.9%)
Advance Display Systems	6.7 (2.7%)	9.6 (3.5%)	13.1 (4.2%)	7.4 (3.0%)	10.5 (5.0%)
Subtotal	21.4 (4.0%)	27.8 (4.4%)	32.6 (4.4%)	24.0 (3.9%)	27.0 (4.9%)
Adjustments	-4.3	-4.4	-2.8	-4.3	-2.2
Total	17.1 (3.4%)	23.4 (3.9%)	29.7 (4.2%)	19.7 (3.3%)	24.8 (4.6%)

*Figures within parentheses indicate operating margin.

SHARP

20

Capital Investment/Depreciation and Amortization ,etc.

				(Billions of Yen)	
	FY2017			FY2018	
	First Half	Second Half	Fiscal Year	Fiscal Year Forecast	
Capital Investment	73.2	46.1	119.3	120.0	
Displays	16.7	18.7	35.5	40.0	
Depreciation and Amortization	28.8	39.6	68.4	88.0	
R&D Expenditures	50.2	50.2	100.5	110.0	
	(Yen)				
Avg. Exchange Rate	FY2017			FY2018	
	First Half	Second Half	Fiscal Year	Fiscal Year Forecast	
US Dollar	110.07	109.64	109.86	102.00	
Euro	124.79	131.62	128.20	126.00	

SHARP

21

Quarterly Capital Investment and Depreciation, etc.

					(Billions of Yen)	
	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	
Capital Investment	18.8	54.4	33.7	12.3	11.3	
Displays	3.2	13.5	11.0	7.7	4.4	
Depreciation and Amortization	14.1	14.6	19.4	20.1	17.1	
R&D Expenditures	28.7	21.5	30.8	19.3	30.4	
	(Yen)					
Avg. Exchange Rate	FY2017				FY2018	
	1Q	2Q	3Q	4Q	1Q	
US Dollar	110.10	110.04	111.98	107.30	108.07	
Euro	120.69	128.88	131.51	131.73	128.56	

SHARP

21

SHARP

Be Original.

