

(Revised)

Summary of Consolidated Financial Results for the Year Ended March 31, 2020

May 19, 2020

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 25, 2020

Scheduled dividend payment date: June 15, 2020

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, 2020

(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, 2020	<u>2,262,284</u>	<u>-5.5%</u>	<u>51,464</u>	<u>-33.5%</u>	<u>50,175</u>	<u>-20.2%</u>
Year Ended March 31, 2019	<u>2,394,767</u>	<u>-1.3%</u>	<u>77,388</u>	<u>-14.1%</u>	<u>62,899</u>	<u>-29.6%</u>

	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Year Ended March 31, 2020	<u>13,726</u>	<u>-78.6%</u>	<u>22.47</u>	<u>21.62</u>
Year Ended March 31, 2019	<u>64,012</u>	<u>-8.8%</u>	<u>100.08</u>	<u>79.07</u>

[Reference] Comprehensive income : March 31, 2020 ; 29,027 million yen -54.5 %
 March 31, 2019 ; 63,802 million yen -24.1 %

Note: Sharp completed the acquisition and cancellation of 200,000 Class A shares issued (92,000 shares on January 30, 2019 and 108,000 shares on June 21, 2019). The figures for the net income per share and the fully diluted net income per share are calculated considering the effect of this transaction.

	Net Income to Equity	Ordinary Profit to Total Assets	Operating Profit to Net Sales
Year Ended March 31, 2020	<u>4.6%</u>	<u>2.7%</u>	2.3%
Year Ended March 31, 2019	<u>17.8%</u>	<u>3.3%</u>	<u>3.2%</u>

(2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
As of March 31, 2020	<u>1,811,907</u>	<u>270,959</u>	<u>14.1%</u>	<u>419.54</u>
As of March 31, 2019	<u>1,848,551</u>	<u>357,331</u>	<u>18.5%</u>	<u>377.53</u>

[Reference] Equity: March 31, 2020 ; 256,273 million yen
 March 31, 2019 ; 341,452 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, 2020	<u>68,453</u>	(<u>128,249</u>)	4,560	170,323
Year Ended March 31, 2019	<u>78,305</u>	(<u>168,052</u>)	(88,517)	228,798

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, 2019	-	0.00	-	20.00	20.00	10,626	20.1%	6.2%
Year Ended March 31, 2020	-	0.00	-	18.00	18.00	9,563	80.1%	4.5%
Year Ending March 31, 2021 (Forecast)	-	-	-	-	-		-	

Note: The amount of dividend per share for the year ending March 31, 2021, 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, 2021

Due to the difficulty in predicting the direction of the COVID-19 pandemic, we plan to disclose our consolidated results forecast for fiscal 2020 in August 2020, once we have a clear understanding of the first quarter results.

4. Other Information

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

Newly added : 3 companies

Dynabook Technology (Taiwan) Co., Ltd., SHARP Manufacturing Vietnam CO.,LTD.,

Aurora Telecom Corporation

Excluded : 2 companies

Sharp Trading Corporation, Sharp Electronics France S.A.

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

1. Changes in accounting policies arising from revision of accounting standards: Yes

2. Changes arising from other factors: None

3. Changes in accounting estimates: Yes

4. Restatement: None

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of March 31, 2020 ; 532,416,558 shares
as of March 31, 2019 ; 532,416,558 shares

2. Number of shares of treasury stock as of March 31, 2020 ; 1,109,127 shares
as of March 31, 2019 ; 1,104,951 shares

3. Average number of shares outstanding during the year ended March 31, 2020 ; 531,309,651 shares
during the year ended March 31, 2019 ; 520,854,241 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. As stated in 3. Forecast of Financial Results for the Year Ending March 31, 2021, we have not yet established financial results forecasts.

4. Sharp will hold a financial results meeting on May 19, 2020. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.

5. 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 A Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2019	-	0.00	-	26,263.60	26,263.60
Year Ended March 31, 2020	-				

Class C Shares	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2019	-	0.00	-	2,000.00	2,000.00
Year Ended March 31, 2020	-	0.00	-	1,800.00	1,800.00
Year Ending March 31, 2021 (Forecast)	-	-	-	-	-

Notes:

1. The amount of dividend for Class A shares for the year ended March 31, 2019, was calculated in accordance to the Company's Articles of Incorporation.
2. Number of Class A Share issued was 108,000 shares as of March 31, 2019. Sharp acquired and cancelled 108,000 Class A shares on June 21, 2019.
3. Dividend priority of Class C Shares is equal to common shares. In accordance to the dividend clause defined in the Company's Articles of Incorporation, the amount of dividend per Class C Share is equal to the amount of dividend for 100 common shares.
4. The amount of dividend per Class C share for the year ending March 31, 2021, has not been decided at the time of announcement.

1. Qualitative Information: Fiscal 2019 Financial Results

(1) Qualitative Information regarding Consolidated Financial Results

i. Financial results for fiscal 2019

During fiscal 2019, the worldwide outbreak of COVID-19 resulted in an extremely severe global economy through the end of the fiscal year.

Amid these circumstances, 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.

During the year we created unique products and feature-rich devices. We released products compatible with 8K and AIoT cloud services, including the 8K compatible AQUOS 8K, the Healsio superheated water oven^{*1}, the Plasmacluster washer/dryer^{*2} and Plasmacluster air conditioner^{*3} with unique Sharp air purifying Plasmacluster technology, and others. We also commercialized the AQUOS R5G^{*4} smartphone compatible with 5G services and a 5G mobile router and developed a rollable 30-inch 4K flexible OLED display^{*5}. In addition, we introduced a new smart home service, COCORO HOME^{*6}, and established the 8K Lab Creative Studio^{*7}, which will serve as the launching point for the development of 8K solutions. These and other services are part of our efforts to build an 8K+5G Ecosystem and AIoT World.

Consolidated net sales for fiscal 2019 amounted to 2,262.2 billion yen (5.5% decrease year on year). Despite sales growth in ICT, Smart Life and 8K Ecosystem recorded lower sales. Operating profit amounted to 51.4 billion yen (33.5% decrease), due to lower profits in 8K Ecosystem and ICT, despite an increase in Smart Life profits. Ordinary profit was 50.1 billion yen (down 20.2%), while profit attributable to owners of parent was 13.7 billion yen (78.6% decrease), including the recording of loss on valuation of investment securities. The negative impact of the spread of COVID-19 amounted to approximately 178 billion yen on net sales and 36 billion yen on operating profit.

*1 This oven offers advice on recommended cooking methods according to ingredients and means using the AIoT cloud service COCORO KITCHEN.

*2 A device-connected Plasmacluster washer/dryer linked to Sharp's AIoT cloud service, COCORO WASH, and the COCORO HOME smart home service. The end of the operating cycle can be checked through device-linked refrigerator.

*3 A Plasmacluster air conditioner that offers comfort and energy savings through the night and during the day using Cloud AI-based operating controls that incorporate weather forecast data.

*4 A smartphone offering high-speed, high-capacity mobile communications via 5G and an 8K wide camera.

*5 A color filter-less OLED display using a 30-inch diagonal film substrate. For more information, see *Sharp Develops 30-inch 4K Flexible OLED Display*, released on November 8, 2019.
<https://global.sharp/corporate/news/191108-a.html>

*6 A new smart home service in which AIoT home appliances link with the Sharp COCORO+ service and services provided by other companies that are useful for daily living.

*7 A dedicated business meeting space built under the concept of 8K+5G Ecosystem, a central platform for creating corporate 8K solutions.

The sales performance of each business segment in fiscal 2019 was as follows. Segment sales include inter-segment sales and transfers.

1. Smart Life

Smart Life sales for the year amounted to 850.6 billion yen, down 4.5% compared to the prior fiscal year. Although we recorded higher sales of air conditioners, refrigerators, and washing machines, device sales declined.

2. 8K Ecosystem

8K Ecosystem sales for the year amounted to 1,153.5 billion yen, down 12.3% compared to the prior fiscal year. This result was mainly due to lower sales of LCD TVs and panels for smartphones.

3. ICT

ICT sales amounted to 357.9 billion yen, up 27.4% year on year. Although the mobile communications business recorded lower sales, Dynabook Inc. contributed a full year of sales since being consolidated during the second half of the prior fiscal year.

ii. Analysis of financial position

Total assets as of the consolidated fiscal year end amounted to 1,811.9 billion yen, down 36.6 billion yen compared to the prior fiscal year end. This decrease was mainly due to a decrease in notes and accounts receivable - trade, despite partially offsetting increases in inventories. Total liabilities amounted to 1,540.9 billion yen, up 49.7 billion yen compared to the prior fiscal year end. The majority of this increase was due to an increase in short-term borrowings. Net assets amounted to 270.9 billion yen (down 86.3 billion yen). This decrease was mainly due to a decrease in capital surplus due to the acquisition and cancellation of treasury stock (Class A shares), despite the company recording an increase in retained earnings tied to profit attributable to owners of parent partially offset by the payment of dividends.

Cash and cash equivalents as of the end of the consolidated fiscal year amounted to 170.3 billion yen, down 58.4 billion yen compared to the prior fiscal year end. Net cash provided by operating activities was 68.4 billion yen, net cash used in investing activities was 128.2 billion yen, and net cash provided by financing activities was 4.5 billion yen.

(2) Future outlook

Due to the difficulty in predicting the future direction of COVID-19, we plan to disclose financial results forecasts for the year ending March 2021 in August 2020, once financial results for the first quarter have become clear.

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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	266,648	225,049
Notes and accounts receivable - trade	534,630	423,618
Inventories	241,481	292,840
Other	95,045	142,268
Allowance for doubtful accounts	(6,200)	(2,629)
Total current assets	1,131,605	1,081,148
Non-current assets		
Property, plant and equipment		
Buildings and structures	642,627	647,929
Machinery, equipment and vehicles	1,185,002	1,151,621
Tools, furniture and fixtures	216,977	188,295
Land	83,245	82,369
Construction in progress	47,133	29,442
Other	44,540	50,668
Accumulated depreciation	(1,823,863)	(1,749,377)
Total property, plant and equipment	395,663	400,948
Intangible assets		
Software	25,760	28,203
Other	13,744	17,088
Total intangible assets	39,505	45,292
Investments and other assets		
Investment securities	187,097	187,542
Retirement benefit asset	4,172	7,295
Deferred tax assets	23,056	18,298
Other	69,924	73,807
Allowance for doubtful accounts	(2,480)	(2,426)
Total investments and other assets	281,771	284,518
Total non-current assets	716,940	730,759
Deferred assets		
Bond issuance costs	6	-
Total deferred assets	6	-
Total assets	1,848,551	1,811,907
Liabilities		
Current liabilities		
Notes and accounts payable - trade	372,001	311,999
Electronically recorded obligations - operating	38,149	36,331
Short-term borrowings	81,446	237,726
Current portion of bonds payable	30,000	-
Accrued expenses	114,065	97,446
Provision for bonuses	20,639	18,634
Provision for product warranties	20,447	15,967
Provision for sales promotion expenses	10,222	6,918
Provisions for restructuring	666	434
Valuation reserve for inventory purchase commitments	17,123	17,133
Other	107,116	121,990
Total current liabilities	811,878	864,583
Non-current liabilities		
Long-term borrowings	538,205	538,744
Retirement benefit liability	106,636	103,217
Other	34,499	34,402
Total non-current liabilities	679,341	676,365
Total liabilities	1,491,220	1,540,948

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	208,725	108,853
Retained earnings	247,826	247,283
Treasury shares	(13,987)	(13,993)
Total shareholders' equity	<u>447,564</u>	<u>347,143</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,531	8,048
Deferred gains or losses on hedges	(220)	846
Foreign currency translation adjustment	(43,214)	(56,118)
Remeasurements of defined benefit plans	(76,208)	(43,646)
Total accumulated other comprehensive income	<u>(106,111)</u>	<u>(90,870)</u>
Share acquisition rights	235	293
Non-controlling interests	<u>15,642</u>	<u>14,392</u>
Total net assets	<u>357,331</u>	<u>270,959</u>
Total liabilities and net assets	<u>1,848,551</u>	<u>1,811,907</u>

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

- Consolidated Statements of Income

	(Millions of yen)	
	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	<u>2,394,767</u>	<u>2,262,284</u>
Cost of sales	<u>1,974,699</u>	<u>1,857,007</u>
Gross profit	<u>420,068</u>	<u>405,277</u>
Selling, general and administrative expenses	<u>342,679</u>	<u>353,812</u>
Operating profit	<u>77,388</u>	<u>51,464</u>
Non-operating income		
Interest income	2,713	2,916
Dividend income	1,396	1,502
Rental income from non-current assets	4,090	3,444
Foreign exchange gains	-	<u>3,048</u>
Other	<u>14,753</u>	<u>10,733</u>
Total non-operating income	<u>22,954</u>	<u>21,644</u>
Non-operating expenses		
Interest expenses	<u>4,392</u>	<u>4,697</u>
Rental expenses on non-current assets	2,746	2,517
Foreign exchange losses	<u>5,783</u>	-
Share of loss of entities accounted for using equity method	<u>9,074</u>	<u>4,085</u>
Other	<u>15,496</u>	<u>11,632</u>
Total non-operating expenses	<u>37,494</u>	<u>22,933</u>
Ordinary profit	<u>62,849</u>	<u>50,175</u>
Extraordinary income		
Gain on sales of non-current assets	10,599	<u>2,843</u>
Gain on sales of investment securities	-	244
Gain on bargain purchase	3,936	-
<u>Gain on sales of shares of subsidiaries and associates</u>	<u>-</u>	<u>2,976</u>
Gain on reversal of share acquisition rights	-	3
Gain on change in equity	180	-
Gain on step acquisitions	-	188
Total extraordinary income	<u>14,716</u>	<u>6,256</u>
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,161	341
Impairment loss	<u>17,301</u>	<u>3,403</u>
Loss on valuation of investment securities	10	<u>16,691</u>
Restructuring charges	355	332
Loss on liquidation of subsidiaries and associates	307	-
Loss from business combination	-	3,331
Total extraordinary losses	<u>19,136</u>	<u>24,100</u>
Profit before income taxes	<u>58,428</u>	<u>32,331</u>
Income taxes - current	13,698	<u>11,820</u>
Income taxes - deferred	<u>(12,464)</u>	<u>5,952</u>
Total income taxes	<u>1,234</u>	<u>17,773</u>
Profit	<u>57,194</u>	<u>14,558</u>
Profit (loss) attributable to non-controlling interests	<u>(6,817)</u>	<u>831</u>
Profit attributable to owners of parent	<u>64,012</u>	<u>13,726</u>

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	<u>57,194</u>	<u>14,558</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,375)	<u>(5,439)</u>
Deferred gains or losses on hedges	3,216	1,088
Foreign currency translation adjustment	<u>3,281</u>	<u>(13,080)</u>
Remeasurements of defined benefit plans, net of tax	3,118	32,473
Share of other comprehensive income of entities accounted for using equity method	<u>367</u>	<u>(573)</u>
Total other comprehensive income	<u>6,608</u>	<u>14,469</u>
Comprehensive income	<u>63,802</u>	<u>29,027</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<u>70,861</u>	<u>28,968</u>
Comprehensive income attributable to non-controlling interests	<u>(7,059)</u>	<u>59</u>

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,000	295,332	204,906	(13,936)	491,302
Changes during period					
Dividends of surplus			(21,092)		(21,092)
Profit attributable to owners of parent			<u>64,012</u>		<u>64,012</u>
Change in ownership interest of parent due to transactions with non-controlling interests		(1,512)			(1,512)
Capital increase of consolidated subsidiaries		7			7
Purchase of treasury shares				(85,164)	(85,164)
Disposal of treasury shares		5		6	12
Cancellation of treasury shares		(85,107)		85,107	-
Net changes in items other than shareholders' equity					
Total changes during period	-	(86,607)	<u>42,920</u>	(50)	<u>(43,737)</u>
Balance at end of current period	5,000	208,725	<u>247,826</u>	(13,987)	<u>447,564</u>

	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	16,876	(3,205)	(47,302)	(79,330)	(112,961)	106	23,265	401,713
Changes during period								
Dividends of surplus								(21,092)
Profit attributable to owners of parent								<u>64,012</u>
Change in ownership interest of parent due to transactions with non-controlling interests								(1,512)
Capital increase of consolidated subsidiaries								7
Purchase of treasury shares								(85,164)
Disposal of treasury shares								12
Cancellation of treasury shares								-
Net changes in items other than shareholders' equity	(3,344)	2,985	<u>4,087</u>	3,122	<u>6,849</u>	128	<u>(7,623)</u>	<u>(644)</u>
Total changes during period	(3,344)	2,985	<u>4,087</u>	3,122	<u>6,849</u>	128	<u>(7,623)</u>	<u>(44,382)</u>
Balance at end of period	13,531	(220)	<u>(43,214)</u>	(76,208)	<u>(106,111)</u>	235	<u>15,642</u>	<u>357,331</u>

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	<u>247,826</u>	(13,987)	<u>447,564</u>
Cumulative effects of changes in accounting policies			783		783
Restated balance	5,000	208,725	<u>248,610</u>	(13,987)	<u>448,347</u>
Changes during period					
Dividends of surplus			(15,053)		-15,053
Profit attributable to owners of parent			<u>13,726</u>		<u>13,726</u>
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)	<u>(1,326)</u>	(5)	<u>(101,204)</u>
Balance at end of period	5,000	108,853	<u>247,283</u>	(13,993)	<u>347,143</u>

	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)	<u>(43,214)</u>	(76,208)	<u>(106,111)</u>	235	<u>15,642</u>	<u>357,331</u>
Cumulative effects of changes in accounting policies								783
Restated balance	13,531	(220)	<u>(43,214)</u>	(76,208)	<u>(106,111)</u>	235	<u>15,642</u>	<u>358,114</u>
Changes during period								
Dividends of surplus								(15,053)
Profit attributable to owners of parent								<u>13,726</u>
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	<u>(5,483)</u>	1,066	<u>(12,903)</u>	32,561	<u>15,241</u>	58	<u>(1,250)</u>	<u>14,048</u>
Total changes during period	<u>(5,483)</u>	1,066	<u>(12,903)</u>	32,561	<u>15,241</u>	58	<u>(1,250)</u>	<u>(87,155)</u>
Balance at end of period	<u>8,048</u>	846	<u>(56,118)</u>	(43,646)	<u>(90,870)</u>	293	<u>14,392</u>	<u>270,959</u>

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
<u>Cash flows from operating activities</u>		
Profit before income taxes	58,428	32,331
Depreciation	78,849	72,630
Interest and dividend income	(4,110)	(4,418)
Interest expenses	4,392	4,697
Share of loss (profit) of entities accounted for using equity method	9,074	4,085
Loss (gain) on sales and retirement of non-current assets	(9,438)	(2,502)
Loss (gain) on sales of investment securities	-	(244)
Gain on bargain purchase	(3,936)	-
<u>Loss (gain) on sales of shares of subsidiaries and associates</u>	-	(2,976)
Gain on change in equity	(180)	-
Loss (gain) on step acquisitions	-	(188)
Impairment loss	17,301	3,403
Loss (gain) on valuation of investment securities	10	16,691
Loss (gain) on liquidation of subsidiaries and associates	307	-
Loss from business combination	-	3,331
Decrease (increase) in trade receivables	(39,064)	101,766
Decrease (increase) in accounts receivable - other	16,126	(31,054)
Decrease (increase) in inventories	2,371	(56,511)
Increase (decrease) in trade payables	(39,958)	(54,323)
Increase (decrease) in accrued expenses	(19,662)	(20,050)
Other, net	18,600	9,683
Subtotal	89,113	76,351
Interest and dividends received	8,782	7,786
Interest paid	(4,382)	(4,716)
Income taxes (paid) refund	(15,208)	(10,968)
Net cash provided by (used in) operating activities	78,305	68,453
<u>Cash flows from investing activities</u>		
Payments into time deposits	(79,470)	(129,881)
Proceeds from withdrawal of time deposits	59,377	111,735
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,393)	(2,721)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	13,455	341
Purchase of property, plant and equipment	(126,724)	(73,444)
Proceeds from sales of property, plant and equipment	20,764	5,801
Purchase of intangible assets	(16,589)	(20,662)
Purchase of investment securities	(36,664)	(35,901)
Other, net	1,192	16,482
Net cash provided by (used in) investing activities	(168,052)	(128,249)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	20,547	157,355
Proceeds from long-term borrowings	32,695	1,790
Repayments of long-term borrowings	(21,189)	(1,605)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(5,422)	(8,668)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	5,904
Redemption of bonds	(10,000)	(30,000)
Purchase of treasury shares	(85,164)	(97,078)
Dividends paid	(21,076)	(15,028)
Proceeds from share issuance to non-controlling shareholders	2,255	17
Other, net	(1,162)	(8,127)
Net cash provided by (used in) financing activities	(88,517)	4,560
Effect of exchange rate change on cash and cash equivalents	<u>1,685</u>	(3,239)
Net increase (decrease) in cash and cash equivalents	(176,577)	(58,474)
Cash and cash equivalents at beginning of period	404,001	228,798
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	1,374	-
Cash and cash equivalents at end of period	<u>228,798</u>	<u>170,323</u>

(5) Notes to Consolidated Financial Statement
(Material Events Related to the Going Concern Assumption)

No applicable matters to report.

(Changes in Accounting Policies)

1. U.S. Accounting Standard Revenue from Contracts with Customers (Topic 606)

Beginning with the current consolidated fiscal year, Sharp has applied the U.S. accounting standard Revenue from Contracts with Customers (Topic 606) to overseas consolidated subsidiaries and other affiliates to which U.S. accounting standards are applied.

The application of this accounting standard does not have a material impact on the consolidated financial statements of Sharp.

2. IFRS No. 16 Leases

Beginning with the current consolidated fiscal year, Sharp has applied IFRS No. 16 Leases to overseas consolidated subsidiaries and other affiliates except those located in the U.S.

With the adoption of this accounting standard lessees in lease transactions recognize right-of-use assets and lease liabilities, while recording depreciation expense for right-of-use assets and interest payments related lease liabilities. Short-term leases or leases involving minor amounts are not recognized as right-of-use assets or lease liabilities. In accordance with transitional treatment, Sharp has recognized the impact of this accounting standard cumulatively for balances as of the date of adoption.

In connection with the adoption of this accounting standard, Sharp recorded increases of 6,410 million yen in property, plant and equipment, 2,557 million yen in other under current liabilities, and 4,354 million yen in other under non-current liabilities.

The impact of the adoption of this accounting standard on profit and loss for the current cumulative consolidated fiscal year is minor.

(Change in Accounting Estimates)

Sharp and certain domestic consolidated subsidiaries had been using a period of 13 years as the average employee remaining years of service over which to amortize actuarial differences for net defined benefit liabilities and prior service costs. However, due to a decrease in average employee remaining years of service, Sharp has used 10 years as the amortization period beginning with the current consolidated fiscal year.

As a result, operating profit, ordinary profit, and profit before income taxes have each decreased 18,180 million yen for the current cumulative consolidated fiscal year under the new amortization period of 10 years compared to the prior amortization period of 13 years.

(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, software
ICT	Mobile phones, PCs

In the previous consolidated fiscal year, Sharp classified four reportable business segments (Smart Homes, Smart Business Solutions, IoT Electronics Devices, and Advance Display Systems). This fiscal year, we have changed to three reportable business segments (Smart Life, 8K Ecosystem, and ICT).

This change reflects the organizational restructuring conducted to advance business reform as One SHARP, aiming to achieve our business vision of creating an 8K+5G Ecosystem and AIoT World.

The major difference is the reclassification of the Health and Environment and Energy Solutions business (formerly under Smart Homes) and the Camera Modules and Electronic Components and Devices businesses (formerly under the IoT Electronics Devices) to the Smart Life business segment. In addition, Smart Business Solutions, Advance Display Systems, and the advanced equipment development businesses that had been under IoT Electronics Devices have been

reclassified under the 8K Ecosystem business segment. Mobile communication, AIoT, and PC businesses formerly under Smart Homes are now under the ICT business segment.

Segment information for the prior consolidated fiscal year has been reclassified to reflect the three 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.

As described under *Changes in Accounting Estimates*, Sharp and certain domestic consolidated subsidiaries had been using a period of 13 years as the period over which to amortize actuarial differences for net defined benefit liabilities and prior service costs. However, due to a decrease in average employee remaining years of service, Sharp has used 10 years as the amortization period beginning with the current consolidated fiscal year.

As a result of this change, segment profit for the current consolidated fiscal year decreased 425.1 billion yen for Smart Life, 1,088.3 billion yen for 8K Ecosystem, 178.1 billion yen for ICT, and 126.3 billion yen for Adjustments compared to calculations based on the former amortization period.

Segment Information

1. Year Ended March 31, 2019

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

	Millions of Yen
Net Sales	
Smart Life	
Customers	<u>840,907</u>
Intersegment	50,219
Total	<u>891,127</u>
8K Ecosystem	
Customers	<u>1,290,012</u>
Intersegment	25,742
Total	<u>1,315,755</u>
ICT	
Customers	263,847
Intersegment	17,063
Total	280,911
Adjustments	(93,026)
The amount presented in Consolidated Statements of Income	<u>2,394,767</u>
Segment Income	
Smart Life	<u>25,233</u>
8K Ecosystem	<u>46,836</u>
ICT	20,856
Adjustments* ¹	(15,538)
The amount presented in Consolidated Statements of Income* ²	<u>77,388</u>

Notes: 1. Adjustments of segment income of (15,538) million yen include elimination of intersegment transactions of (11) million yen and corporate expenses not allocated to each reportable segment of (16,225) 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, 2020

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

Millions of Yen

Net Sales	
Smart Life	
Customers	<u>795,646</u>
Intersegment	55,037
Total	<u>850,683</u>
8K Ecosystem	
Customers	<u>1,127,621</u>
Intersegment	25,903
Total	<u>1,153,524</u>
ICT	
Customers	<u>339,017</u>
Intersegment	18,888
Total	<u>357,905</u>
Adjustments	(99,829)
The amount presented in Consolidated Statements of Income	<u>2,262,284</u>
Segment Income	
Smart Life	<u>39,829</u>
8K Ecosystem	<u>13,128</u>
ICT	<u>20,638</u>
Adjustments* ¹	(22,131)
The amount presented in Consolidated Statements of Income* ²	<u>51,464</u>

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.

(Per Share Information)

Yen

	Year Ended March 31, 2019	Year Ended March 31, 2020
Net assets per share	<u>377.53</u>	<u>419.54</u>
Net income (loss) per share	<u>100.08</u>	<u>22.47</u>
Fully diluted net income per share	<u>79.07</u>	<u>21.62</u>

Notes:

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

	Year Ended March 31, 2019	Year Ended March 31, 2020
Net income per share		
Profit attributable to owners of parent (millions of yen)	<u>64.012</u>	<u>13.726</u>
Amounts not allocated to common shares (millions of yen)	2,877	-
Priority dividend amount (millions of yen)	2,877	-
Profit attributable to owners of parent (millions of yen)	<u>61,134</u>	<u>13,726</u>
Average number of common shares outstanding during each year (thousands of shares)	610,882	610,845
Common shares (thousands of shares)	520,854	531,309
Shares equivalent to common shares (thousands of shares)	90,028	79,536
Fully diluted net income per share		
Adjustment to profit attributable to owners of parent (millions of yen)	2,877	-
Priority dividend amount (millions of yen)	2,877	-
Increase in number of common shares (thousands of shares)	198,689	24,196
Common shares (thousands of shares)	198,689	24,196
Residual securities which do not dilute net income per share	781 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)	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)

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 200,000 Class A shares issued (92,000 shares on January 30, 2019 and 108,000 shares on June 21, 2019). The figures for the net income per share and the fully diluted net income per share are calculated considering the effect of this transaction.

(Significant Subsequent Events)

None

(4) Going Concern Assumption
None