

# We Achieved Operating Surplus in Our First Fiscal Half; Thank You All for Your Efforts

President & CEO  
Masahiro Okitsu

On Tuesday, we announced our Fiscal 2024 Q2 financial results. As news reports have already been made, we have achieved operating surplus company wide for the first time in two years since Fiscal 2022 first half.

I am extremely pleased to be able to raise such accomplishment in the first fiscal quarter after the start of our new managerial system in July, and would like to express my sincere gratitude to the tireless efforts made by each and every employee. Thank you very much to you all.

## 1. Fiscal 2024 Q2 Financial Results

Here I will explain the key points on our financial results. For Fiscal 2024 first half, while our net sales dropped year on year, our operating income largely improved, and we were able to secure operating surplus. Our net income also largely improved due to selling of investment securities etc.

Looking at each business, in our Brand business, Smart Office continued its promising performance from Q1 to Q2, where sales and profit in the first fiscal half both largely improved year on year. In Smart Life & Energy and Universal Network, even facing extremely harsh business conditions with the negative impact from the depreciation of the Japanese Yen,

We have been able to record profit in Q2 following Q1. As a result, in our Brand business overall, we recorded a two-digit growth in both sales and profit from last year's fiscal half.

Also in our Device business, with structural reforms in our Display Device business, the losses have greatly been cut down from Q1 to Q2, resulting in steady improvement in net loss even while net sales have dropped against last year's fiscal half.

With these results, media and analysts responded with overall favorable comments, such as "operating surplus in the first fiscal half was a pleasant surprise," "losses in Display Device are decreasing, which gives the feeling of structural reform effects," "growth in Brand business' major focus points such as Smart Office and overseas home appliances were seen, giving the impression that Sharp's aim is starting to form shape."

Also, I personally felt that people's views against us are starting to change, as questions from the attendees used to center around mostly about our Display Device business, but this time there were many questions related to our Brand business. The announcement this time let me feel people's attention and expectation against our Brand business' growth strategy.

Let us continue this drive into our second fiscal half as well to achieve our annual forecast figures we announced, but in order to do so, it is important to build up our Q3 operating income that describes our performance in our actual business. Recently, the exchange market is largely heading toward depreciation of the Japanese Yen again, making our business conditions extremely tight. Let's bring ourselves together again to accumulate profit with our full forces.

Due to such circumstances, our year-end sales this year holds an extremely important meaning in our business performance this term. I expect all sales members to hold a strong consciousness to be the leader of our business performance, and take on this business opportunity. Let's work on it together!

Also, regarding our Asset-light strategy, our most important issue this fiscal year, right now we are entering final phases as described in our announcement slides. I would like to draw a conclusion to these projects within this fiscal year by all means, and lead it to our return to the offensive in fiscal 2025.

## 2. End note

In Japan, our TV commercial for Plasmacluster-equipped air purifiers have started from November 11. Also, in our Smart Office business, we are promoting several M&A plans to enforce IT services in that business field.

As we have described in our Medium-Term Management Policy announced earlier, our aim is to expand our investment in our Brand business from hereon. Please expect that we will continue to promote such investments in branding and M&A.

Currently we are continuing discussions regarding our future growth strategy in each business, and I would like each business leader to understand our current policy and think outside the box in order to take on challenges to realize bolder business expansion plans.

Once again, I would like to remind you we have been able to make a good start in our new managerial system with our business performance this first fiscal half. Let us all work together as one SHARP group to build up our business performances in Q3 and Q4 and on. I am looking forward to celebrate together the achievement of our business forecasts in our Fiscal ending business results half a year later. Let's continue to keep it up!