

Let Us All Work Together to Achieve Our Upward Revised Forecast

President CEO
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1. Fiscal 2025 First Half Results

In this first fiscal half, our net sales dropped year on year due to impact from Asset-light strategy, but we were able to achieve large increase in operating income, ordinary income, and net income.

Looking at each segment, for Smart Life Business, there was an extreme impact by harsh competitions and cool summer in ASEAN. Still, by introducing high added-value products together with cost reduction, we were able to secure increase in profit even with less sales.

For Smart Workplace Business, tailwind from ending Windows10 support supported our PC business together with the improvement of our products itself, resulting in sales expansion above the industry average growth. Additionally, by corresponding appropriately to U.S. tariff issues, in overall we accomplished increase in both sales and profit.

As a result, in Brand business overall, while we recorded a slight loss in net sales, we achieved about 1.5 times growth in operating income. In Display Device Business, our structural reforms are taking effect, realizing decrease in losses while net sales are reducing.

I am grateful for all on your efforts over this half year to contribute to such results. Thank you.

2. Annual Forecasts

In our Q2 earnings call the other day, we announced an upward revision in our annual forecast for the second time this year. I would like you to refer to the related material for details, but annually, we forecast 2.25 growth in operating income, and 5.3 times growth in net income compared with our initial forecast, meaning we expect increase in income in all profit items.

Meanwhile, in the second fiscal half, the special demands in PC business that supported our large growth will decelerate, and competition with Chinese companies will become more severe around the world, and with cost increase due to soaring price of memory devices, we expect our profit to decline largely against the first fiscal half. In addition to the above, currently the USD/JPY exchange rate is transitioning at around 155yen, becoming a headwind in our business.

Under the recognition of such harsh conditions will continue for the meantime, we must achieve further increase in income in our next fiscal year and reach 80billion yen operating income in fiscal 2027. To reach such targets, our accomplishments in this second fiscal half is extremely important. We have been realizing our announced targets from last year, supporting the recovery of our trust from various stakeholders, including monetary institutes and investors. Under this momentum, we must achieve our upward revised forecast.

Although we are facing a headwind from various places, with four months to go, let us continue to swiftly detect changes in environment, work together as one, and achieve our revised forecasts. I am looking forward to share the joy of our accomplishments in the next Spring.

3. Strengthening Corporate Branding

On September 10 in Japan, we announced our new corporate slogan in Japan. Over the past three months, we have been introducing TV commercials and sound advertisements, and I believe many of you had a chance to be in touch with such exposures.

Current exposure plans are executed under the idea that all employees are also transmitters. In Japan, advertisements are placed in areas including business locations and commuting routes. Branding strategies will continued to be strengthened during the new year holidays, so whenever the topic appears in your conversations, please be prepared to explain the meaning and concept with your own words.

Also on November 25, we announced our slogan “In step with your future.” for the international market. With this new introduction, we aim to spread our slogan worldwide.

Meanwhile, the corporate slogan expresses our commitment to our stakeholders, and by creating products and services that represent this slogan, we will be able to earn the trust of our customers and raise the SHARP brand.

The guideline that indicates what all employees should follow is described in “Our Mission” – “With sincerity, we observe people’s daily lives. With creativity, we shape new experiences.” Such structure is explained in detail in the BRAND BOOK published recently, so please make good use of these for a better understanding on the background and ideas, make yourself part of it, and apply it to your daily work.

Also as of December 16, We will newly establish the Corporate Brand Strategy Group. This Group will be the core to further strengthen corporate branding and permeate the slogan and ideas to various corporate activities. Let us polish our SHARP brand together with the full force of all employees.

Another newly established division as of December 16 is the AI Data Business Promotion Center, under the CDO. With this organization, we will further collaborate with Hon Hai who has a large market share of AI servers and accelerate our actions of studying new business development opportunities in this field.

We have about three weeks until the end of this calendar year. Let us make the best of our efforts so we can finish this year successfully and lead ourselves to a strong start in the next year.