

# Consolidated Financial Results for the Second Quarter Ended September 30, 2020

November 6, 2020

## SHARP CORPORATION

Stock exchange listings: Tokyo  
 Code number: 6753  
 URL: <https://corporate.jp.sharp/> (English : <https://global.sharp/>)  
 Representative: J.W. Tai, Chairman, Chief Executive Officer  
 Contact person: Satoshi Sakakibara, Senior Vice President, Head of Finance and Administration Office, Corporate Strategic Planning and Control Group  
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Scheduled dividend payment date: -  
 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 Six Months Ended September 30, 2020

### (1) Financial Results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.) Millions of Yen

	Net Sales	Percent Change	Operating Profit	Percent Change	Ordinary Profit	Percent Change
Six Months Ended September 30, 2020	1,142,165	+1.9%	27,599	-25.3%	24,213	-26.9%
Six Months Ended September 30, 2019	1,120,665	-0.7%	36,957	-21.4%	33,107	-23.4%

	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Six Months Ended September 30, 2020	22,519	-17.8%	36.87	-
Six Months Ended September 30, 2019	27,397	-33.1%	44.85	43.14

[Reference] Comprehensive income : September 30, 2020 ; 28,021 million yen -18.6%  
 September 30, 2019 ; 34,423 million yen -30.7%

Note1: Sharp completed the acquisition and cancellation of all 108,000 outstanding Class A shares as of June 21, 2019.

Figures for net income per share and fully diluted net income per share are calculated considering the effect of this transaction.

Note2: Fully diluted net income per share for the six months ended September 30, 2020, is not provided. Although Sharp has dilutive shares, the shares in question have no dilutive effect.

### (2) Financial Position

Millions of Yen

	Total Assets	Net Assets	Equity Ratio
As of September 30, 2020	1,844,796	309,246	15.9%
As of March 31, 2020	1,832,349	295,138	15.0%

[Reference] Equity: September 30, 2020 ; 293,260 million yen  
 March 31, 2020 ; 275,309 million yen

## 2. Dividends

	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2020	-	0.00	-	18.00	18.00
Year Ending March 31, 2021	-	0.00	/	/	/
Year Ending March 31, 2021 (Forecast)	/	/	-	-	-

Note1: Revisions to forecast of dividends in this quarter; None

Note2: The amount of dividend per share for the year ending March 31, 2021, has not been decided at the time of announcement.

Note3: 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 Fiscal Year Ending March 31, 2021

(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	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)
Year Ending March 31, 2021	2,350,000	+3.5%	82,000	+55.4%	70,000	+26.0%	50,000	+138.6%	81.85

Note1: Revisions to forecast of financial results in this quarter; None

### 4. Other Information

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): None

Newly added : -

Excluded : -

(2) Adoption of special accounting methods for preparation of quarterly financial statements: None

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

1. Changes in accounting policies arising from revision of accounting standards: None

2. Changes arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

(4) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of September 30, 2020 ; 532,416,558 shares  
as of March 31, 2020 ; 532,416,558 shares

2. Number of shares of treasury stock as of September 30, 2020 ; 1,110,628 shares  
as of March 31, 2020 ; 1,109,127 shares

3. Average number of shares outstanding during the six months ended September 30, 2020 ; 531,306,859 shares  
during the six months ended September 30, 2019 ; 531,310,665 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. Sharp will hold a financial results meeting on November 6, 2020. Financial materials distributed at the meeting will be posted on its website immediately after the announcement.

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

Notes:

1. 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.
2. The amount of dividend per Class C share for the year ending March 31, 2021, has not been decided at the time of announcement.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	225,049	219,842
Notes and accounts receivable - trade	429,138	476,376
Inventories	294,788	275,084
Other	142,278	148,054
Allowance for doubtful accounts	(2,629)	(2,814)
Total current assets	1,088,626	1,116,542
Non-current assets		
Property, plant and equipment		
Buildings and structures	650,391	643,443
Machinery, equipment and vehicles	1,156,260	1,144,565
Tools, furniture and fixtures	191,466	186,896
Other	163,840	155,063
Accumulated depreciation	(1,751,198)	(1,723,172)
Total property, plant and equipment	410,760	406,796
Intangible assets	45,547	45,221
Investments and other assets		
Investment securities	190,434	183,303
Other	96,980	92,932
Total investments and other assets	287,415	276,235
Total non-current assets	743,723	728,253
<b>Total assets</b>	<b>1,832,349</b>	<b>1,844,796</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	312,873	335,186
Electronically recorded obligations - operating	36,331	27,664
Short-term borrowings	237,726	251,906
Provision for bonuses	18,634	19,840
Provision for product warranties	15,967	15,158
Valuation reserve for inventory purchase commitments	17,133	-
Other provisions	13,250	13,484
Other	209,105	210,416
Total current liabilities	861,023	873,657
Non-current liabilities		
Long-term borrowings	538,744	537,113
Provisions	2,454	2,409
Retirement benefit liability	103,217	99,075
Other	31,770	23,293
Total non-current liabilities	676,187	661,892
<b>Total liabilities</b>	<b>1,537,211</b>	<b>1,535,549</b>

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	108,853	109,029
Retained earnings	264,729	276,254
Treasury shares	(13,993)	(13,991)
Total shareholders' equity	364,590	376,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,368	10,442
Deferred gains or losses on hedges	846	(1,205)
Foreign currency translation adjustment	(56,849)	(55,202)
Remeasurements of defined benefit plans	(43,646)	(37,064)
Total accumulated other comprehensive income	(89,281)	(83,031)
Share acquisition rights	293	312
Non-controlling interests	19,535	15,673
<b>Total net assets</b>	<b>295,138</b>	<b>309,246</b>
<b>Total liabilities and net assets</b>	<b>1,832,349</b>	<b>1,844,796</b>

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

## - Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	1,120,665	1,142,165
Cost of sales	905,772	954,075
Gross profit	214,893	188,089
Selling, general and administrative expenses	177,936	160,490
Operating profit	36,957	27,599
Non-operating income		
Interest income	1,550	1,460
Dividend income	1,041	932
Rental income from non-current assets	1,468	1,764
Foreign exchange gains	-	3,596
Other	4,117	7,175
Total non-operating income	8,179	14,930
Non-operating expenses		
Interest expenses	2,346	2,808
Foreign exchange losses	530	-
Share of loss of entities accounted for using equity method	2,563	3,519
Other	6,588	11,988
Total non-operating expenses	12,028	18,315
Ordinary profit	33,107	24,213
Extraordinary income		
Gain on sales of non-current assets	676	2,847
Gain on sales of investment securities	244	12
Gain on sales of shares of subsidiaries and associates	-	167
Gain on reversal of share acquisition rights	0	-
Total extraordinary income	921	3,027
Extraordinary losses		
Loss on sales and retirement of non-current assets	195	450
Restructuring charges	546	-
Total extraordinary losses	742	450
Profit before income taxes	33,286	26,790
Income taxes - current	6,539	5,984
Income taxes - deferred	(1,398)	(502)
Total income taxes	5,141	5,481
Profit	28,145	21,308
Profit (loss) attributable to non-controlling interests	747	(1,210)
Profit attributable to owners of parent	27,397	22,519

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	28,145	21,308
Other comprehensive income		
Valuation difference on available-for-sale securities	491	72
Deferred gains or losses on hedges	438	(2,081)
Foreign currency translation adjustment	(9,074)	2,109
Remeasurements of defined benefit plans, net of tax	14,330	6,560
Share of other comprehensive income of entities accounted for using equity method	91	50
Total other comprehensive income	6,278	6,712
Comprehensive income	34,423	28,021
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	34,552	28,769
Comprehensive income attributable to non-controlling interests	(128)	(748)

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<b><u>Cash flows from operating activities</u></b>		
Profit before income taxes	33,286	26,790
Depreciation	34,343	34,386
Interest and dividend income	(2,592)	(2,393)
Interest expenses	2,346	2,808
Share of loss (profit) of entities accounted for using equity method	2,563	3,519
Loss (gain) on sales and retirement of non-current assets	(480)	(2,397)
Loss (gain) on sales of investment securities	(244)	(12)
Loss (gain) on sales of shares of subsidiaries and associates	-	(167)
Decrease (increase) in trade receivables	12,086	(47,044)
Decrease (increase) in accounts receivable - other	(25,779)	(7,360)
Decrease (increase) in inventories	(30,274)	20,877
Increase (decrease) in trade payables	(9,785)	9,280
Increase (decrease) in accrued expenses	764	2,703
Increase (decrease) in valuation reserve for inventory purchase commitments	670	(17,133)
Other, net	9,250	(4,265)
Subtotal	26,154	19,591
Interest and dividends received	4,392	5,050
Interest paid	(2,348)	(2,814)
Income taxes (paid) refund	(8,629)	(2,089)
<b>Net cash provided by (used in) operating activities</b>	<b>19,568</b>	<b>19,737</b>
<b><u>Cash flows from investing activities</u></b>		
Payments into time deposits	(69,209)	(40,799)
Proceeds from withdrawal of time deposits	49,518	46,998
Purchase of property, plant and equipment	(32,234)	(20,322)
Proceeds from sales of property, plant and equipment	1,564	6,244
Purchase of intangible assets	(11,672)	(8,473)
Purchase of investment securities	(27,417)	(3,613)
Other, net	6,422	8,914
<b>Net cash provided by (used in) investing activities</b>	<b>(83,029)</b>	<b>(11,051)</b>



	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	139,212	13,994
Repayments of long-term borrowings	(819)	(2,525)
Redemption of bonds	(30,000)	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(6,875)
Purchase of treasury shares	(97,074)	(2)
Dividends paid	(13,807)	(10,974)
Other, net	(4,790)	(1,793)
<b>Net cash provided by (used in) financing activities</b>	<b>(7,279)</b>	<b>(8,176)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(3,134)</b>	<b>591</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(73,874)</b>	<b>1,100</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>228,798</b>	<b>170,323</b>
<b>Cash and cash equivalents at end of period</b>	<b>154,923</b>	<b>171,423</b>

(4) Notes to Consolidated Quarterly Financial Statements

(Notes Related to Going Concern Assumption)

No applicable matters to report.

(Notes Related to Significant Changes in Shareholders' Equity)

No applicable matters to report.