

Consolidated Financial Results for the First Quarter Ended June 30, 2024

August 9, 2024

SHARP CORPORATION

Stock exchange listings: Tokyo
 Code number: 6753
 URL: <https://corporate.jp.sharp/> (English : <https://global.sharp/>)
 Representative: Masahiro Okitsu, President & Chief Executive Officer
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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 Three Months Ended June 30, 2024

(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	Change	Operating Profit	Change	Ordinary Profit	Change
Three Months Ended June 30, 2024	531,964	-1.7%	(5,810)	-	(10,178)	-
Three Months Ended June 30, 2023	541,220	-3.7%	(7,057)	-	(538)	-

	Profit Attributable to Owners of Parent	Change	Income per Share (Yen)	Fully Diluted Income per Share (Yen)
Three Months Ended June 30, 2024	(1,285)	-	(1.98)	-
Three Months Ended June 30, 2023	5,514	-79.5%	8.49	-

[Reference] Comprehensive income : June 30, 2024 ; 24,390 million yen -52.4%
 June 30, 2023 ; 51,210 million yen -5.1%

Note: Fully diluted income per share 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 June 30, 2024	1,645,546	181,869	10.1%
As of March 31, 2024	1,590,032	157,424	9.0%

[Reference] Equity: June 30, 2024 ; 165,822 million yen
 March 31, 2024 ; 142,421 million yen

2. Dividends

	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2024	-	0.00	-	0.00	0.00
Year Ending March 31, 2025	-	/	/	/	/
Year Ending March 31, 2025 (Forecast)	/	-	-	-	-

Note1: Revisions to forecast of dividends; None

Note2: The amount of dividend per share for the year ending March 31, 2025, has not been decided at the time of announcement.

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2025

(The percentage figures represent the percentage of increase or decrease against the previous year.)

Millions of Yen

	Net Sales	Change	Operating Profit	Change	Ordinary Profit	Change	Profit Attributable to Owners of Parent	Change	Income per Share (Yen)
Year Ending March 31, 2025 (Forecast)	2,100,000	-9.6%	10,000	-	10,000	-	5,000	-	7.70

Note: Revisions to forecast of financial results; None

4. Other Information

(1) Changes in significant consolidated subsidiaries: None

(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 June 30, 2024 ; 650,406,538 shares
Number of shares outstanding (including treasury stock) as of March 31, 2024 ; 650,406,538 shares
2. Number of shares of treasury stock as of June 30, 2024 ; 1,105,491 shares
Number of shares of treasury stock as of March 31, 2024 ; 1,105,236 shares
3. Average number of shares outstanding during the three months ended June 30, 2024 ; 649,301,175 shares
Average number of shares outstanding during the three months ended June 30, 2023 ; 649,273,097 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 August 9, 2024. Financial materials distributed at the meeting will be posted on its website immediately after the meeting.
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.

1. Qualitative Information

(1) Qualitative Information regarding Consolidated Financial Results for the First Quarter Ended June 30, 2024

Please refer to the presentation material “Consolidated Financial Results for the First Quarter, Fiscal 2024” on our company website.

<https://global.sharp/corporate/ir/library/financial/>

(2) Material Events Related to the Going Concern Assumption

In the previous consolidated fiscal year, Sharp recorded a loss attributable to owners of parent of 149,980 million yen and consolidated net assets decreased to 157,424 million yen due to weak performance in the Display Device business. As a countermeasure to such situation, we have been carrying out structural reforms in the cumulative first quarter of the current consolidated fiscal year, such as halting production in the large-size display business (Sakai Display Products Corporation), as this business was a cause of the loss. Sharp continues to maintain good relationships with our primary financial institutions. Accordingly, Sharp has determined that there are no significant concerns regarding financing for working capital or investment funds for the time being.

While certain events or circumstances may have given rise significant doubts in connection with the going concern assumption, there are no material uncertainties noted that are applicable to *Notes Related to the Going Concern Assumption*.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	227,130	238,134
Notes and accounts receivable - trade, and contract assets	407,538	419,793
Inventories	269,584	295,261
Other	90,998	95,311
Allowance for doubtful accounts	(5,024)	(5,415)
Total current assets	990,228	1,043,085
Non-current assets		
Property, plant and equipment		
Buildings and structures	623,523	629,221
Machinery, equipment and vehicles	1,164,709	1,169,722
Tools, furniture and fixtures	144,944	145,933
Other	145,348	134,551
Accumulated depreciation	(1,798,401)	(1,798,854)
Total property, plant and equipment	280,123	280,574
Intangible assets		
Goodwill	5,422	5,333
Other	25,657	25,146
Total intangible assets	31,080	30,480
Investments and other assets		
Investment securities	238,581	236,563
Other	50,018	54,842
Total investments and other assets	288,599	291,405
Total non-current assets	599,803	602,460
Total assets	1,590,032	1,645,546
Liabilities		
Current liabilities		
Notes and accounts payable - trade	318,159	339,499
Electronically recorded obligations - operating	37,094	23,030
Short-term borrowings	115,969	139,203
Provision for bonuses	17,423	11,993
Provision for product warranties	16,685	16,399
Other provisions	15,436	23,634
Other	335,588	335,878
Total current liabilities	856,357	889,639
Non-current liabilities		
Long-term borrowings	457,623	458,161
Provisions	15,034	14,702
Retirement benefit liability	52,911	51,325
Other	50,681	49,845
Total non-current liabilities	576,250	574,036
Total liabilities	1,432,607	1,463,676

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	148,594	148,593
Retained earnings	(90,178)	(91,463)
Treasury shares	(13,387)	(13,387)
Total shareholders' equity	50,028	48,742
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,396	37,491
Deferred gains or losses on hedges	508	1,810
Foreign currency translation adjustment	52,870	78,247
Remeasurements of defined benefit plans	(1,381)	(468)
Total accumulated other comprehensive income	92,393	117,080
Share acquisition rights	756	811
Non-controlling interests	14,246	15,235
Total net assets	157,424	181,869
Total liabilities and net assets	1,590,032	1,645,546

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

- Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	541,220	531,964
Cost of sales	462,481	443,918
Gross profit	78,738	88,045
Selling, general and administrative expenses	85,796	93,856
Operating loss	(7,057)	(5,810)
Non-operating income		
Interest income	1,058	1,354
Dividend income	987	1,030
Rental income from non-current assets	1,162	1,039
Foreign exchange gains	6,229	-
Share of profit of entities accounted for using equity method	1,370	2,314
Investment income	292	295
Other	1,388	2,275
Total non-operating income	12,490	8,308
Non-operating expenses		
Interest expenses	2,960	2,668
Foreign exchange losses	-	7,426
Other	3,010	2,581
Total non-operating expenses	5,971	12,676
Ordinary loss	(538)	(10,178)
Extraordinary income		
Gain on sale of non-current assets	538	35
Gain on sale of investment securities	-	10,147
Gain on step acquisitions	1,312	-
Gain on change in equity	4,203	2,708
Gain on reversal of liabilities	4,863	3,590
Gain on reversal of share acquisition rights	1	141
Total extraordinary income	10,919	16,622
Extraordinary losses		
Loss on sale and retirement of non-current assets	154	173
Impairment losses	1,423	1,262
Business restructuring expenses	-	3,400
Total extraordinary losses	1,578	4,835
Profit before income taxes	8,802	1,608
Income taxes - current	3,667	3,116
Income taxes - deferred	(477)	(494)
Total income taxes	3,190	2,621
Profit (loss)	5,612	(1,013)
Profit attributable to non-controlling interests	97	272
Profit (loss) attributable to owners of parent	5,514	(1,285)

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit (loss)	5,612	(1,013)
Other comprehensive income		
Valuation difference on available-for-sale securities	7,882	(2,911)
Deferred gains or losses on hedges	638	1,301
Foreign currency translation adjustment	34,958	22,014
Remeasurements of defined benefit plans, net of tax	93	916
Share of other comprehensive income of entities accounted for using equity method	2,024	4,082
Total other comprehensive income	45,597	25,403
Comprehensive income	51,210	24,390
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	49,942	23,401
Comprehensive income attributable to non-controlling interests	1,267	988

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	8,802	1,608
Depreciation	15,483	12,689
Interest and dividend income	(2,046)	(2,384)
Interest expenses	2,960	2,668
Share of loss (profit) of entities accounted for using equity method	(1,370)	(2,314)
Investment expenses (income)	(292)	(295)
Loss (gain) on sale and retirement of non-current assets	(383)	137
Impairment losses	1,423	1,262
Loss (gain) on sale of investment securities	-	(10,147)
Loss (gain) on step acquisitions	(1,312)	-
Loss (gain) on change in equity	(4,203)	(2,708)
Gain on reversal of liabilities	(4,863)	(3,590)
Gain on reversal of share acquisition rights	(1)	(141)
Business restructuring expenses	-	3,400
Decrease (increase) in accounts receivable - trade, and contract assets	30,860	(1,971)
Decrease (increase) in accounts receivable - other	(1,107)	(613)
Decrease (increase) in inventories	6,190	(17,544)
Increase (decrease) in trade payables	(17,644)	(3,782)
Increase (decrease) in provision for bonuses	(4,474)	(5,637)
Other, net	(8,853)	3,340
Subtotal	19,165	(26,024)
Interest and dividends received	3,699	3,643
Interest paid	(2,562)	(1,830)
Income taxes refund (paid)	(5,432)	(6,797)
Payments for Business restructuring	(1,903)	(1,134)
Settlement paid	(3,588)	-
Net cash provided by (used in) operating activities	9,378	(32,142)
Cash flows from investing activities		
Payments into time deposits	(3,115)	(16,983)
Proceeds from withdrawal of time deposits	51,433	1,474
Purchase of property, plant and equipment	(7,741)	(7,572)
Proceeds from sale of property, plant and equipment	780	302
Purchase of intangible assets	(3,394)	(2,725)
Purchase of investment securities	(1,661)	-
Proceeds from sale of investment securities	-	18,413
Other, net	1,988	2,263
Net cash provided by (used in) investing activities	38,289	(4,828)

	(Millions of yen)	
	Three months ended June 30, 2023	Three months ended June 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	15,309	23,393
Repayments of long-term borrowings	(81,291)	(2,685)
Other, net	(3,619)	(2,389)
Net cash provided by (used in) financing activities	<u>(69,602)</u>	<u>18,319</u>
Effect of exchange rate change on cash and cash equivalents	<u>15,747</u>	<u>13,699</u>
Net increase (decrease) in cash and cash equivalents	<u>(6,186)</u>	<u>(4,952)</u>
Cash and cash equivalents at beginning of period	<u>206,612</u>	<u>219,128</u>
Cash and cash equivalents at end of period	<u>200,426</u>	<u>214,176</u>

(4) Notes to Consolidated Financial Statements

(Notes to Segment Information)

1. Three Months Ended June 30, 2023

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

Millions of Yen

Net Sales	
Smart Life & Energy	
Customers	106,273
Intersegment	390
Total	106,663
Smart Office	
Customers	126,015
Intersegment	627
Total	126,642
Universal Network	
Customers	65,701
Intersegment	33
Total	65,735
Display Device	
Customers	166,800
Intersegment	4,512
Total	171,312
Electronic Device	
Customers	76,429
Intersegment	6,822
Total	83,251
Adjustments	(12,385)
The amount presented in Consolidated Statements of Income	541,220
Segment Income (Loss)	
Smart Life & Energy	6,910
Smart Office	3,133
Universal Network	1,743
Display Device	(17,330)
Electronic Device	2,089
Adjustments ^{*1}	(3,604)
The amount presented in Consolidated Statements of Income ^{*2}	(7,057)

Notes: 1. Adjustments of segment income (loss) of (3,604) million yen include corporate expenses not allocated to each reportable segment of (4,222) 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 (loss) to operating loss presented in Consolidated Statements of Income.

2. Three Months Ended June 30, 2024

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

Millions of Yen

Net Sales	
Smart Life & Energy	
Customers	109,823
Intersegment	90
Total	109,913
Smart Office	
Customers	155,430
Intersegment	260
Total	155,691
Universal Network	
Customers	78,561
Intersegment	19
Total	78,580
Display Device	
Customers	119,814
Intersegment	5,482
Total	125,297
Electronic Device	
Customers	68,333
Intersegment	4,977
Total	73,310
Adjustments	(10,829)
The amount presented in Consolidated Statements of Income	531,964
Segment Income (Loss)	
Smart Life & Energy	5,033
Smart Office	8,401
Universal Network	1,131
Display Device	(17,181)
Electronic Device	1,924
Adjustments* ¹	(5,120)
The amount presented in Consolidated Statements of Income* ²	(5,810)

Notes: 1. Adjustments of segment income (loss) of (5,120) million yen include corporate expenses not allocated to each reportable segment of (4,991) 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 (loss) to operating loss presented in Consolidated Statements of Income.

(Notes Related to Significant Changes in Shareholders' Equity)

No applicable matter to report

(Notes Related to the Going Concern Assumption)

No applicable matter to report