

Consolidated Financial Results for the Six Months Ended September 30, 2024

November 12, 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 Six Months Ended September 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
Six Months Ended September 30, 2024	1,096,414	-5.3%	479	-	1,466	-51.6%
Six Months Ended September 30, 2023	1,158,279	-7.9%	(5,861)	-	3,027	-67.2%

	Profit Attributable to Owners of Parent	Change	Income per Share (Yen)	Fully Diluted Income per Share (Yen)
Six Months Ended September 30, 2024	22,960	+362.6%	35.36	-
Six Months Ended September 30, 2023	4,963	-47.5%	7.64	-

[Reference] Comprehensive income : September 30, 2024 ; (12,652) million yen - %
 September 30, 2023 ; 65,580 million yen +35.4%

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 September 30, 2024	1,550,920	145,059	8.4%
As of March 31, 2024	1,590,032	157,424	9.0%

[Reference] Equity: September 30, 2024 ; 129,992 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	-	0.00	/	/	/
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	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 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, 2024 ; 650,406,538 shares
as of March 31, 2024 ; 650,406,538 shares
2. Number of shares of treasury stock as of September 30, 2024 ; 1,105,881 shares
as of March 31, 2024 ; 1,105,236 shares
3. Average number of shares outstanding during the six months ended September 30, 2024 ; 649,300,988 shares
during the six months ended September 30, 2023 ; 649,272,839 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 12, 2024. 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.

1. Qualitative Information

(1) Qualitative Information regarding Consolidated Financial Results for the Six Months Ended September 30, 2024

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

<https://corporate.jp.sharp/ir/library/financial/> (English : <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 steadily carrying out structural reforms in the cumulative second 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*.

ii . Information regarding changes of reportable segments

Effective from the cumulative second quarter of the current consolidated fiscal year, Sharp Semiconductor Innovation Corporation, which was previously under the Electronic Device segment, is included in the Smart Life & Energy segment in accordance with the organizational change.

Figures for the previous cumulative second quarter have been adjusted to reflect the new classification.

(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

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	227,130	248,862
Notes and accounts receivable - trade, and contract assets	407,538	408,080
Inventories	269,584	272,066
Other	90,998	78,064
Allowance for doubtful accounts	(5,024)	(5,297)
Total current assets	990,228	1,001,775
Non-current assets		
Property, plant and equipment		
Buildings and structures	623,523	622,148
Machinery, equipment and vehicles	1,164,709	1,155,926
Tools, furniture and fixtures	144,944	142,049
Other	145,348	131,874
Accumulated depreciation	(1,798,401)	(1,780,702)
Total property, plant and equipment	280,123	271,296
Intangible assets		
Goodwill	5,422	6,395
Other	25,657	27,809
Total intangible assets	31,080	34,205
Investments and other assets		
Investment securities	238,581	187,909
Other	50,018	55,732
Total investments and other assets	288,599	243,641
Total non-current assets	599,803	549,144
Total assets	1,590,032	1,550,920
Liabilities		
Current liabilities		
Notes and accounts payable - trade	318,159	317,895
Electronically recorded obligations - operating	37,094	18,048
Short-term borrowings	115,969	122,144
Provision for bonuses	17,423	21,622
Provision for product warranties	16,685	14,800
Other provisions	15,436	19,085
Other	335,588	312,901
Total current liabilities	856,357	826,498
Non-current liabilities		
Long-term borrowings	457,623	456,797
Provisions	15,034	12,823
Retirement benefit liability	52,911	48,156
Other	50,681	61,583
Total non-current liabilities	576,250	579,361
Total liabilities	1,432,607	1,405,860

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	148,594	148,593
Retained earnings	(90,178)	(67,217)
Treasury shares	(13,387)	(13,388)
Total shareholders' equity	50,028	72,987
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,396	18,726
Deferred gains or losses on hedges	508	(2,768)
Foreign currency translation adjustment	52,870	39,709
Remeasurements of defined benefit plans	(1,381)	1,336
Total accumulated other comprehensive income	92,393	57,004
Share acquisition rights	756	922
Non-controlling interests	14,246	14,144
Total net assets	157,424	145,059
Total liabilities and net assets	1,590,032	1,550,920

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	148,594	148,593
Retained earnings	(90,178)	(67,217)
Treasury shares	(13,387)	(13,388)
Total shareholders' equity	50,028	72,987
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Total net assets	157,424	145,059
Total liabilities and net assets	1,590,032	1,550,920

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

- Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	1,158,279	1,096,414
Cost of sales	985,627	908,194
Gross profit	172,651	188,219
Selling, general and administrative expenses	178,513	187,740
Operating profit (loss)	(5,861)	479
Non-operating income		
Interest income	2,116	2,534
Dividend income	1,290	1,132
Rental income from non-current assets	2,321	1,935
Foreign exchange gains	9,130	-
Share of profit of entities accounted for using equity method	3,825	4,812
Investment income	621	1,190
Other	2,789	4,148
Total non-operating income	22,094	15,753
Non-operating expenses		
Interest expenses	5,635	4,867
Foreign exchange losses	-	3,043
Other	7,569	6,856
Total non-operating expenses	13,204	14,766
Ordinary profit	3,027	1,466
Extraordinary income		
Gain on sale of non-current assets	2,587	111
Gain on sale of investment securities	113	28,254
Gain on liquidation of subsidiaries and associates	-	79
Gain on step acquisitions	1,312	717
Gain on change in equity	4,203	2,708
Gain on reversal of liabilities	4,863	3,590
Compensation income	-	3,858
Gain on reversal of share acquisition rights	1	216
Total extraordinary income	13,081	39,536
Extraordinary losses		
Loss on sale and retirement of non-current assets	713	301
Impairment losses	3,256	6,893
Business restructuring expenses	679	2,349
Total extraordinary losses	4,649	9,543
Profit before income taxes	11,459	31,458
Income taxes - current	7,646	9,464
Income taxes - deferred	(1,367)	(966)
Total income taxes	6,278	8,497
Profit	5,181	22,960
Profit attributable to non-controlling interests	218	0
Profit attributable to owners of parent	4,963	22,960

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit	5,181	22,960
Other comprehensive income		
Valuation difference on available-for-sale securities	11,134	(21,673)
Deferred gains or losses on hedges	261	(3,277)
Foreign currency translation adjustment	44,017	(11,996)
Remeasurements of defined benefit plans, net of tax	967	2,717
Share of other comprehensive income of entities accounted for using equity method	4,017	(1,382)
Total other comprehensive income	60,398	(35,613)
Comprehensive income	65,580	(12,652)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	63,921	(12,428)
Comprehensive income attributable to non-controlling interests	1,658	(223)

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	11,459	31,458
Depreciation	32,167	25,353
Interest and dividend income	(3,407)	(3,667)
Interest expenses	5,635	4,867
Share of loss (profit) of entities accounted for using equity method	(3,825)	(4,812)
Investment expenses (income)	(621)	(1,190)
Loss (gain) on sale and retirement of non-current assets	(1,874)	189
Impairment losses	3,256	6,893
Loss (gain) on sale of investment securities	(113)	(28,254)
Loss (gain) on liquidation of subsidiaries and associates	-	(79)
Loss (gain) on step acquisitions	(1,312)	(717)
Loss (gain) on change in equity	(4,203)	(2,708)
Gain on reversal of liabilities	(4,863)	(3,590)
Compensation income	-	(3,858)
Gain on reversal of share acquisition rights	(1)	(216)
Business restructuring expenses	679	2,349
Decrease (increase) in accounts receivable - trade, and contract assets	(22,633)	(8,287)
Decrease (increase) in accounts receivable - other	769	451
Decrease (increase) in inventories	13,519	(7,179)
Increase (decrease) in trade payables	28,718	(12,194)
Increase (decrease) in provision for bonuses	3,563	4,347
Other, net	(2,700)	(4,287)
Subtotal	54,214	(5,132)
Interest and dividends received	5,889	5,436
Interest paid	(4,691)	(3,878)
Income taxes refund (paid)	(4,744)	(11,908)
Payments for business restructuring	(3,138)	(2,378)
Settlement paid	(3,588)	-
Proceeds from insurance income	-	730
Proceeds from compensation	-	3,534
Net cash provided by (used in) operating activities	43,940	(13,596)
Cash flows from investing activities		
Payments into time deposits	(7,067)	(45,545)
Proceeds from withdrawal of time deposits	53,087	2,590
Purchase of property, plant and equipment	(18,055)	(15,743)
Proceeds from sale of property, plant and equipment	3,526	520
Purchase of intangible assets	(6,153)	(5,783)
Purchase of investment securities	(1,871)	(144)
Proceeds from sale of investment securities	113	44,346
Other, net	4,464	15,093
Net cash provided by (used in) investing activities	28,044	(4,664)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	28,032	21,074
Repayments of long-term borrowings	(84,793)	(13,686)
Other, net	(5,869)	(4,050)
Net cash provided by (used in) financing activities	(62,630)	3,337
Effect of exchange rate change on cash and cash equivalents	22,008	(5,976)
Net increase (decrease) in cash and cash equivalents	31,362	(20,899)
Cash and cash equivalents at beginning of period	206,612	219,128
Cash and cash equivalents at end of period	237,975	198,229

(4) Notes to Consolidated Financial Statements

(Notes to Segment Information)

1. Six Months Ended September 30, 2023

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

Millions of Yen

Net Sales	
Smart Life & Energy	
Customers	227,813
Intersegment	1,242
Total	229,055
Smart Office	
Customers	270,502
Intersegment	969
Total	271,471
Universal Network	
Customers	146,018
Intersegment	98
Total	146,117
Display Device	
Customers	340,118
Intersegment	10,618
Total	350,737
Electronic Device	
Customers	173,827
Intersegment	9,490
Total	183,317
Adjustments	(22,419)
The amount presented in Consolidated Statements of Income	1,158,279
Segment Income (Loss)	
Smart Life & Energy	14,527
Smart Office	9,931
Universal Network	3,014
Display Device	(29,675)
Electronic Device	4,394
Adjustments ^{*1}	(8,054)
The amount presented in Consolidated Statements of Income ^{*2}	(5,861)

Notes: 1. Adjustments of segment income (loss) of (8,054) million yen include corporate expenses not allocated to each reportable segment of (8,397) 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. Six Months Ended September 30, 2024

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

Millions of Yen

Net Sales	
Smart Life & Energy	
Customers	228,310
Intersegment	696
Total	229,006
Smart Office	
Customers	329,200
Intersegment	476
Total	329,676
Universal Network	
Customers	154,170
Intersegment	52
Total	154,223
Display Device	
Customers	259,992
Intersegment	7,950
Total	267,943
Electronic Device	
Customers	124,739
Intersegment	8,395
Total	133,135
Adjustments	(17,570)
The amount presented in Consolidated Statements of Income	1,096,414
Segment Income (Loss)	
Smart Life & Energy	8,349
Smart Office	18,205
Universal Network	3,663
Display Device	(24,817)
Electronic Device	4,698
Adjustments* ¹	(9,619)
The amount presented in Consolidated Statements of Income* ²	479

Notes: 1. Adjustments of segment income (loss) of (9,619) million yen include corporate expenses not allocated to each reportable segment of (9,088) 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.

ii . Information regarding changes of reportable segments

Effective from the cumulative second quarter of the current consolidated fiscal year, Sharp Semiconductor Innovation Corporation, which was previously under the Electronic Device segment, is included in the Smart Life & Energy segment in accordance with the organizational change.

Figures for the previous cumulative second quarter have been adjusted to reflect the new classification.

(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