

Consolidated Financial Results for the Third Quarter Ended December 31, 2024

February 7, 2025

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 Nine Months Ended December 31, 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
Nine Months Ended December 31, 2024	1,657,960	-6.0%	20,397	-	831	-87.4%
Nine Months Ended December 31, 2023	1,764,718	-10.3%	(3,591)	-	6,580	-

	Profit Attributable to Owners of Parent	Change	Income per Share (Yen)	Fully Diluted Income per Share (Yen)
Nine Months Ended December 31, 2024	(3,591)	-	(5.53)	-
Nine Months Ended December 31, 2023	2,021	-	3.11	-

[Reference] Comprehensive income : December 31, 2024 ; 3,367 million yen -92.8 %
 December 31, 2023 ; 46,482 million yen - %

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 December 31, 2024	1,572,907	160,922	9.3%
As of March 31, 2024	1,590,032	157,424	9.0%

[Reference] Equity: December 31, 2024 ; 145,678 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

2: 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	2,130,000	-8.3%	20,000	-	1,000	-	-	-	-

Note1: Revisions to financial forecast; Yes

2: Consolidated financial forecast for profit attributable to owners of parent and income per share, has not been decided due to difficulties in making reasonable estimates at this time. For details, please refer to the *Notice Regarding Revision of Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2025* released today (February 7, 2025).

4. Other Information

(1) Significant changes in consolidated subsidiaries: Yes

Newly added : 4 companies

APSIA SAS and its 3 subsidiaries

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 December 31, 2024 ; 650,406,538 shares
as of March 31, 2024 ; 650,406,538 shares

2. Number of shares of treasury stock as of December 31, 2024 ; 1,106,382 shares
as of March 31, 2024 ; 1,105,236 shares

3. Average number of shares outstanding during the nine months ended December 31, 2024 ; 649,300,783 shares
during the nine months ended December 31, 2023 ; 649,275,578 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 February 7, 2025. 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 Third Quarter Ended December 31, 2024

Please refer to the presentation material “Consolidated Financial Results for the Third 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 halted production of the large-size display business (Sakai Display Products Corporation) in the cumulative third quarter of the current consolidated fiscal year, as this business was a cause of the loss. We are currently in the final stage of discussions with the counterparties to finalize the agreement for transferring the land, buildings, and other assets of the Sakai plant. Furthermore, we have signed an agreement to transfer the camera module business to a subsidiary of our major company shareholder, Hon Hai Precision Industry Co., Ltd. Through such initiatives, Sharp is steadily carrying out structural reform.

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 December 31, 2024
Assets		
Current assets		
Cash and deposits	227,130	245,763
Notes and accounts receivable - trade, and contract assets	407,538	423,246
Inventories	269,584	267,882
Other	90,998	92,146
Allowance for doubtful accounts	(5,024)	(5,613)
Total current assets	990,228	1,023,426
Non-current assets		
Property, plant and equipment		
Buildings and structures	623,523	633,705
Machinery, equipment and vehicles	1,164,709	1,060,493
Tools, furniture and fixtures	144,944	141,010
Other	145,348	135,471
Accumulated depreciation	(1,798,401)	(1,714,238)
Total property, plant and equipment	280,123	256,442
Intangible assets		
Goodwill	5,422	9,663
Other	25,657	28,559
Total intangible assets	31,080	38,223
Investments and other assets		
Investment securities	238,581	199,673
Other	50,018	55,142
Total investments and other assets	288,599	254,816
Total non-current assets	599,803	549,481
Total assets	1,590,032	1,572,907
Liabilities		
Current liabilities		
Notes and accounts payable - trade	318,159	322,811
Electronically recorded obligations - operating	37,094	16,566
Short-term borrowings	115,969	136,326
Provision for bonuses	17,423	12,318
Provision for product warranties	16,685	15,590
Other provisions	15,436	25,237
Other	335,588	341,856
Total current liabilities	856,357	870,707
Non-current liabilities		
Long-term borrowings	457,623	417,106
Provisions	15,034	8,603
Retirement benefit liability	52,911	47,551
Other	50,681	68,016
Total non-current liabilities	576,250	541,277
Total liabilities	1,432,607	1,411,985

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	148,594	148,593
Retained earnings	(90,178)	(93,769)
Treasury shares	(13,387)	(13,388)
Total shareholders' equity	50,028	46,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,396	22,932
Deferred gains or losses on hedges	508	1,796
Foreign currency translation adjustment	52,870	72,687
Remeasurements of defined benefit plans	(1,381)	1,827
Total accumulated other comprehensive income	92,393	99,243
Share acquisition rights	756	1,113
Non-controlling interests	14,246	14,129
Total net assets	157,424	160,922
Total liabilities and net assets	1,590,032	1,572,907

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

- Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	1,764,718	1,657,960
Cost of sales	1,497,684	1,352,286
Gross profit	267,033	305,674
Selling, general and administrative expenses	270,624	285,276
Operating profit (loss)	(3,591)	20,397
Non-operating income		
Interest income	3,374	3,741
Dividend income	1,742	1,217
Rental income from non-current assets	3,455	2,702
Foreign exchange gains	9,587	-
Share of profit of entities accounted for using equity method	6,798	6,230
Investment income	952	1,566
Other	3,876	5,252
Total non-operating income	29,788	20,710
Non-operating expenses		
Interest expenses	8,153	7,873
Foreign exchange losses	-	20,577
Other	11,463	11,825
Total non-operating expenses	19,616	40,276
Ordinary profit	6,580	831
Extraordinary income		
Gain on sale of non-current assets	3,268	1,917
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	4,529
Gain on reversal of liabilities	4,863	4,474
Compensation income	-	3,858
Gain on reversal of share acquisition rights	1	216
Total extraordinary income	13,763	44,047
Extraordinary losses		
Loss on sale and retirement of non-current assets	1,201	801
Impairment losses	4,350	24,188
Loss on valuation of investment securities	-	38
Loss on sale of businesses	2,327	-
Business restructuring expenses	913	11,167
Total extraordinary losses	8,793	36,196
Profit before income taxes	11,550	8,682
Income taxes - current	9,788	13,665
Income taxes - deferred	(318)	(943)
Total income taxes	9,470	12,721
Profit (loss)	2,079	(4,039)
Profit (loss) attributable to non-controlling interests	58	(447)
Profit (loss) attributable to owners of parent	2,021	(3,591)

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit (loss)	2,079	(4,039)
Other comprehensive income		
Valuation difference on available-for-sale securities	10,031	(17,472)
Deferred gains or losses on hedges	(719)	1,287
Foreign currency translation adjustment	30,732	17,530
Remeasurements of defined benefit plans, net of tax	2,145	3,210
Share of other comprehensive income of entities accounted for using equity method	2,213	2,850
Total other comprehensive income	44,403	7,406
Comprehensive income	46,482	3,367
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	45,370	3,257
Comprehensive income attributable to non-controlling interests	1,112	109

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	11,550	8,682
Depreciation	49,176	37,826
Interest and dividend income	(5,116)	(4,958)
Interest expenses	8,153	7,873
Share of loss (profit) of entities accounted for using equity method	(6,798)	(6,230)
Investment expenses (income)	(952)	(1,566)
Loss (gain) on sale and retirement of non-current assets	(2,067)	(1,115)
Impairment losses	4,350	24,188
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)	(4,529)
Gain on reversal of liabilities	(4,863)	(4,474)
Loss on sale of businesses	2,327	-
Compensation income	-	(3,858)
Gain on reversal of share acquisition rights	(1)	(216)
Business restructuring expenses	913	11,167
Decrease (increase) in accounts receivable - trade, and contract assets	19,966	(8,714)
Decrease (increase) in accounts receivable - other	(2,987)	(1,960)
Decrease (increase) in inventories	9,827	7,279
Increase (decrease) in trade payables	9,905	(22,247)
Other, net	(4,029)	15,560
Subtotal	83,725	23,655
Interest and dividends received	8,641	7,428
Interest paid	(7,683)	(5,565)
Income taxes refund (paid)	(9,036)	(15,438)
Payments for business restructuring	(3,976)	(5,994)
Settlement paid	(3,588)	-
Proceeds from insurance income	-	730
Proceeds from compensation	-	3,533
Net cash provided by (used in) operating activities	68,082	8,348
Cash flows from investing activities		
Payments into time deposits	(10,658)	(47,104)
Proceeds from withdrawal of time deposits	59,424	44,786
Purchase of property, plant and equipment	(30,709)	(21,134)
Proceeds from sale of property, plant and equipment	4,616	2,890
Purchase of intangible assets	(8,850)	(9,287)
Purchase of investment securities	(1,871)	(292)
Proceeds from sale of investment securities	113	44,346
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(254)	(4,824)
Other, net	7,035	17,264
Net cash provided by (used in) investing activities	18,843	26,644

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	20,833	38,701
Repayments of long-term borrowings	(114,316)	(60,504)
Other, net	(8,822)	(7,664)
Net cash provided by (used in) financing activities	(102,304)	(29,466)
Effect of exchange rate change on cash and cash equivalents	12,596	10,590
Net increase (decrease) in cash and cash equivalents	(2,782)	16,117
Cash and cash equivalents at beginning of period	206,612	219,128
Cash and cash equivalents at end of period	203,830	235,246

(4) Notes to Consolidated Financial Statements

(Notes to Segment Information)

1. Nine months Ended December 31, 2023

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

	Millions of Yen
Net Sales	
Smart Life & Energy	
Customers	336,551
Intersegment	1,803
Total	338,354
Smart Office	
Customers	420,266
Intersegment	1,494
Total	421,761
Universal Network	
Customers	238,487
Intersegment	210
Total	238,697
Display Device	
Customers	462,466
Intersegment	14,610
Total	477,076
Electronic Device	
Customers	306,946
Intersegment	13,410
Total	320,357
Adjustments	(31,528)
The amount presented in Consolidated Statements of Income	1,764,718
Segment Income (Loss)	
Smart Life & Energy	19,926
Smart Office	18,941
Universal Network	7,662
Display Device	(49,441)
Electronic Device	11,937
Adjustments ^{*1}	(12,617)
The amount presented in Consolidated Statements of Income ^{*2}	(3,591)

Notes: 1. Adjustments of segment income (loss) of (12,617) million yen include corporate expenses not allocated to each reportable segment of (12,705) 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. Nine months Ended December 31, 2024

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

	Millions of Yen
Net Sales	
Smart Life & Energy	
Customers	344,362
Intersegment	1,053
Total	345,415
Smart Office	
Customers	492,876
Intersegment	662
Total	493,538
Universal Network	
Customers	265,687
Intersegment	121
Total	265,809
Display Device	
Customers	389,582
Intersegment	10,427
Total	400,009
Electronic Device	
Customers	165,452
Intersegment	12,144
Total	177,596
Adjustments	(24,409)
The amount presented in Consolidated Statements of Income	1,657,960
Segment Income (Loss)	
Smart Life & Energy	13,813
Smart Office	28,045
Universal Network	17,835
Display Device	(29,711)
Electronic Device	4,578
Adjustments ^{*1}	(14,164)
The amount presented in Consolidated Statements of Income ^{*2}	20,397

Notes: 1. Adjustments of segment income (loss) of (14,164) million yen include corporate expenses not allocated to each reportable segment of (13,388) 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 second quarter of the current 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 third quarter have been adjusted to reflect the new classification.

iii. Information on impairment losses on non-current assets, goodwill, etc., by reportable segment

(Significant impairment losses on non-current assets)

In the Electronic Devices segment, Sharp reduced the book value of camera module business assets at certain consolidated subsidiaries in Japan and Vietnam to their recoverable amount and recorded the reduced amount as an impairment loss.

This impairment loss recorded for the cumulative third quarter of the current fiscal year amounts to 14,862 million yen.

(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