

(Revised)

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	<u>1,143,453</u>	<u>+2.4%</u>	<u>29,645</u>	<u>-15.6%</u>	<u>29,882</u>	<u>+1.6%</u>
Six Months Ended September 30, 2019	<u>1,117,101</u>	<u>-0.7%</u>	<u>35,114</u>	<u>-16.5%</u>	<u>29,425</u>	<u>-23.0%</u>

	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	<u>23,765</u>	<u>+8.6%</u>	<u>38.91</u>	-
Six Months Ended September 30, 2019	<u>21,874</u>	<u>-39.7%</u>	<u>35.81</u>	<u>34.35</u>

[Reference] Comprehensive income : September 30, 2020 ; 32,425 million yen +12.5%
September 30, 2019 ; 28,823 million yen -37.2%

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	<u>1,831,173</u>	<u>289,471</u>	<u>15.2%</u>
As of March 31, 2020	<u>1,811,907</u>	<u>270,959</u>	<u>14.1%</u>

[Reference] Equity: September 30, 2020 ; 277,565 million yen
March 31, 2020 ; 256,273 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	+3.9%	82,000	+59.3%	70,000	+39.5%	50,000	+264.3%	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
Assets		
Current assets		
Cash and deposits	225,049	219,842
Notes and accounts receivable - trade	423,618	475,086
Inventories	292,840	272,212
Other	142,268	147,764
Allowance for doubtful accounts	(2,629)	(2,814)
Total current assets	<u>1,081,148</u>	<u>1,112,090</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	647,929	640,898
Machinery, equipment and vehicles	1,151,621	1,139,577
Tools, furniture and fixtures	188,295	182,744
Other	162,479	153,893
Accumulated depreciation	(1,749,377)	(1,720,351)
Total property, plant and equipment	<u>400,948</u>	<u>396,762</u>
Intangible assets	45,292	44,978
Investments and other assets		
Investment securities	187,542	184,364
Other	96,975	92,976
Total investments and other assets	<u>284,518</u>	<u>277,341</u>
Total non-current assets	<u>730,759</u>	<u>719,082</u>
Total assets	<u>1,811,907</u>	<u>1,831,173</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	311,999	334,671
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	13,979	14,213
Other	212,810	216,199
Total current liabilities	<u>864,583</u>	<u>879,654</u>
Non-current liabilities		
Long-term borrowings	538,744	537,113
Provisions	2,454	2,409
Retirement benefit liability	103,217	99,075
Other	31,948	23,449
Total non-current liabilities	<u>676,365</u>	<u>662,047</u>
Total liabilities	<u>1,540,948</u>	<u>1,541,701</u>

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	108,853	109,136
Retained earnings	247,283	260,053
Treasury shares	(13,993)	(13,991)
Total shareholders' equity	<u>347,143</u>	<u>360,198</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,048	10,442
Deferred gains or losses on hedges	846	(1,205)
Foreign currency translation adjustment	(56,118)	(54,804)
Remeasurements of defined benefit plans	(43,646)	(37,064)
Total accumulated other comprehensive income	<u>(90,870)</u>	<u>(82,632)</u>
Share acquisition rights	293	312
Non-controlling interests	14,392	11,593
Total net assets	<u>270,959</u>	<u>289,471</u>
Total liabilities and net assets	<u>1,811,907</u>	<u>1,831,173</u>

(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	<u>1,117,101</u>	<u>1,143,453</u>
Cost of sales	<u>905,509</u>	<u>953,413</u>
Gross profit	<u>211,591</u>	<u>190,040</u>
Selling, general and administrative expenses	<u>176,477</u>	<u>160,394</u>
Operating profit	<u>35,114</u>	<u>29,645</u>
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	-	<u>3,656</u>
Other	<u>3,034</u>	<u>8,093</u>
Total non-operating income	<u>7,095</u>	<u>15,907</u>
Non-operating expenses		
Interest expenses	<u>2,330</u>	2,808
Foreign exchange losses	<u>528</u>	-
Share of loss of entities accounted for using equity method	<u>2,870</u>	3,519
Other	<u>7,054</u>	<u>9,342</u>
Total non-operating expenses	<u>12,783</u>	<u>15,669</u>
Ordinary profit	<u>29,425</u>	<u>29,882</u>
Extraordinary income		
Gain on sales of non-current assets	676	<u>2,895</u>
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	<u>3,074</u>
Extraordinary losses		
Loss on sales and retirement of non-current assets	195	450
<u>Impairment loss</u>	<u>629</u>	<u>998</u>
<u>Loss on valuation of investment securities</u>	<u>-</u>	<u>2,034</u>
Restructuring charges	546	-
Total extraordinary losses	<u>1,372</u>	<u>3,483</u>
Profit before income taxes	<u>28,975</u>	<u>29,474</u>
Income taxes - current	6,539	<u>6,072</u>
Income taxes - deferred	<u>(112)</u>	<u>(614)</u>
Total income taxes	<u>6,427</u>	<u>5,457</u>
Profit	<u>22,547</u>	<u>24,016</u>
<u>Profit attributable to non-controlling interests</u>	<u>673</u>	<u>251</u>
Profit attributable to owners of parent	<u>21,874</u>	<u>23,765</u>

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	<u>22,547</u>	<u>24,016</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	491	<u>2,392</u>
Deferred gains or losses on hedges	438	(2,081)
Foreign currency translation adjustment	<u>(8,068)</u>	<u>1,485</u>
Remeasurements of defined benefit plans, net of tax	14,330	6,560
Share of other comprehensive income of entities accounted for using equity method	<u>(916)</u>	50
Total other comprehensive income	<u>6,276</u>	<u>8,408</u>
Comprehensive income	<u>28,823</u>	<u>32,425</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<u>28,556</u>	<u>32,003</u>
Comprehensive income attributable to non-controlling interests	<u>267</u>	<u>422</u>

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
<u>Cash flows from operating activities</u>		
Profit before income taxes	<u>28,975</u>	<u>29,474</u>
Depreciation	<u>33,153</u>	<u>33,610</u>
Interest and dividend income	(2,592)	(2,393)
Interest expenses	<u>2,330</u>	2,808
Share of loss (profit) of entities accounted for using equity method	<u>2,870</u>	3,519
Loss (gain) on sales and retirement of non-current assets	(480)	<u>(2,444)</u>
Loss (gain) on sales of investment securities	(244)	(12)
Loss (gain) on sales of shares of subsidiaries and associates	-	(167)
<u>Impairment loss</u>	<u>629</u>	<u>998</u>
<u>Loss (gain) on valuation of investment securities</u>	<u>-</u>	<u>2,034</u>
Decrease (increase) in trade receivables	<u>13,168</u>	<u>(50,844)</u>
Decrease (increase) in accounts receivable - other	<u>(22,870)</u>	<u>(7,705)</u>
Decrease (increase) in inventories	<u>(32,076)</u>	<u>21,818</u>
Increase (decrease) in trade payables	<u>(9,620)</u>	<u>9,639</u>
Increase (decrease) in accrued expenses	764	<u>4,684</u>
Increase (decrease) in valuation reserve for inventory purchase commitments	670	(17,133)
Other, net	<u>11,637</u>	<u>(8,354)</u>
Subtotal	<u>26,315</u>	<u>19,532</u>
Interest and dividends received	4,392	<u>6,077</u>
Interest paid	(2,348)	(2,814)
Income taxes (paid) refund	(8,629)	(2,089)
Net cash provided by (used in) operating activities	<u>19,730</u>	<u>20,705</u>
<u>Cash flows from investing activities</u>		
Payments into time deposits	(69,209)	(40,799)
Proceeds from withdrawal of time deposits	49,518	46,998
Purchase of property, plant and equipment	<u>(32,396)</u>	<u>(20,263)</u>
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	<u>7,887</u>
Net cash provided by (used in) investing activities	<u>(83,190)</u>	<u>(12,019)</u>

	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
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)
Net cash provided by (used in) financing activities	(7,279)	(8,176)
Effect of exchange rate change on cash and cash equivalents	(3,134)	591
Net increase (decrease) in cash and cash equivalents	(73,874)	1,100
Cash and cash equivalents at beginning of period	228,798	170,323
Cash and cash equivalents at end of period	154,923	171,423

(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.