

# Consolidated Financial Results for the First Quarter Ended June 30, 2022

August 5, 2022

## SHARP CORPORATION

Stock exchange listings: Tokyo  
 Code number: 6753  
 URL: <https://corporate.jp.sharp/> (English : <https://global.sharp/>)  
 Representative: Po-Hsuan Wu, President & Chief Executive Officer  
 Contact person: Hiroyuki Murase, General Manager, Head of Accounting Division, 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 Three Months Ended June 30, 2022

### (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
Three Months Ended June 30, 2022	562,174	-8.1%	6,115	-66.7%	17,481	-31.9%
Three Months Ended June 30, 2021	611,569	+18.9%	18,368	+86.3%	25,652	+127.3%

	Profit Attributable to Owners of Parent	Percent Change	Income per Share (Yen)	Fully Diluted Income per Share (Yen)
Three Months Ended June 30, 2022	26,926	+24.3%	43.40	-
Three Months Ended June 30, 2021	21,666	+164.3%	35.47	-

[Reference] Comprehensive income : June 30, 2022 ; 53,962 million yen +136.3%  
 June 30, 2021 ; 22,835 million yen +33.2%

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, 2022	2,161,660	538,796	24.2%
As of March 31, 2022	1,956,288	469,269	23.2%

[Reference] Equity: June 30, 2022 ; 523,331 million yen  
 March 31, 2022 ; 454,268 million yen

## 2. Dividends

	Dividends per Share (Yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
Year Ended March 31, 2022	-	0.00	-	40.00	40.00
Year Ending March 31, 2023	-	/	/	/	/
Year Ending March 31, 2023 (Forecast)	/	-	-	-	-

Note1: Revisions to forecast of dividends; None

Note2: The amount of dividend per share for the year ending March 31, 2023, has not been decided at the time of announcement.

### 3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2023

(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	Income per Share (Yen)
Year Ending March 31, 2023	2,700,000	+8.2%	65,000	-23.3%	63,000	-45.2%	50,000	-32.4%	78.08

Note: Revisions to forecast of financial results; None

### 4. Other Information

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): Yes

Newly added : 1 company

Sakai Display Products Corporation

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: Yes

2. Changes arising from other factors: None

3. Changes in accounting estimates: None

4. Restatement: None

Note: For more details, please see "Consolidated Financial Statements (4) Notes to Consolidated Quarterly Financial Statements (Changes in Accounting Policies)".

(4) Number of shares outstanding (common shares)

1. Number of shares outstanding (including treasury stock) as of June 30, 2022 ; 650,406,538 shares

Number of shares outstanding (including treasury stock) as of March 31, 2022 ; 611,952,858 shares

2. Number of shares of treasury stock as of June 30, 2022 ; 1,131,589 shares

Number of shares of treasury stock as of March 31, 2022 ; 1,131,071 shares

3. Average number of shares outstanding during the three months ended June 30, 2022 ; 620,434,952 shares

Average number of shares outstanding during the three months ended June 30, 2021 ; 610,799,684 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 5, 2022. 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.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b><u>Assets</u></b>		
Current assets		
Cash and deposits	287,361	248,615
Notes and accounts receivable - trade, and contract assets	487,160	463,696
Inventories	310,283	379,152
Other	148,165	105,949
Allowance for doubtful accounts	(2,342)	(2,440)
Total current assets	1,230,628	1,194,971
Non-current assets		
Property, plant and equipment		
Buildings and structures	689,458	778,445
Machinery, equipment and vehicles	1,191,042	1,227,862
Tools, furniture and fixtures	177,359	179,674
Other	150,215	184,409
Accumulated depreciation	(1,789,815)	(1,810,184)
Total property, plant and equipment	418,260	560,207
Intangible assets		
Goodwill	8,439	54,796
Other	33,845	33,483
Total intangible assets	42,285	88,279
Investments and other assets		
Investment securities	171,392	260,923
Other	93,721	57,277
Total investments and other assets	265,114	318,200
Total non-current assets	725,660	966,688
<b>Total assets</b>	<b>1,956,288</b>	<b>2,161,660</b>
<b><u>Liabilities</u></b>		
Current liabilities		
Notes and accounts payable - trade	379,394	415,831
Electronically recorded obligations - operating	42,980	35,067
Short-term borrowings	54,300	67,147
Provision for bonuses	18,506	13,116
Provision for product warranties	19,750	13,973
Provision for loss on litigation	12,288	13,728
Other provisions	16,715	18,270
Other	264,260	298,870
Total current liabilities	808,198	876,005
Non-current liabilities		
Long-term borrowings	572,270	620,291
Provisions	3,239	8,264
Retirement benefit liability	73,630	70,018
Other	29,679	48,283
Total non-current liabilities	678,820	746,858
<b>Total liabilities</b>	<b>1,487,018</b>	<b>1,622,863</b>

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	108,623	148,961
Retained earnings	345,218	347,575
Treasury shares	(13,747)	(13,747)
Total shareholders' equity	445,094	487,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,169	26,295
Deferred gains or losses on hedges	1,835	2,543
Foreign currency translation adjustment	(9,085)	10,492
Remeasurements of defined benefit plans	(3,745)	(3,788)
Total accumulated other comprehensive income	9,173	35,543
Share acquisition rights	304	297
Non-controlling interests	14,696	15,167
<b>Total net assets</b>	469,269	538,796
<b>Total liabilities and net assets</b>	1,956,288	2,161,660

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

## - Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	611,569	562,174
Cost of sales	506,921	471,099
Gross profit	104,647	91,075
Selling, general and administrative expenses	86,279	84,959
Operating profit	18,368	6,115
Non-operating income		
Interest income	674	696
Dividend income	745	906
Rental income from non-current assets	868	809
Foreign exchange gains	3,222	13,014
Share of profit of entities accounted for using equity method	4,302	-
Investment income	21	4,177
Other	1,880	1,326
Total non-operating income	11,715	20,931
Non-operating expenses		
Interest expenses	1,349	985
Share of loss of entities accounted for using equity method	-	5,147
Other	3,082	3,431
Total non-operating expenses	4,431	9,564
Ordinary profit	25,652	17,481
Extraordinary income		
Gain on sales of non-current assets	113	934
Gain on receipt of donated non-current assets	711	-
Gain on step acquisitions	-	12,422
Gain on change in equity	-	261
Gain on bargain purchase	182	-
Total extraordinary income	1,008	13,619
Extraordinary losses		
Loss on sales and retirement of non-current assets	36	13
Loss on sale of shares of subsidiaries and associates	268	-
Provision for loss on litigation	-	1,400
Total extraordinary losses	305	1,414
Profit before income taxes	26,355	29,687
Income taxes - current	4,694	2,869
Income taxes - deferred	311	(82)
Total income taxes	5,005	2,786
Profit	21,349	26,900
Loss attributable to non-controlling interests	(317)	(26)
Profit attributable to owners of parent	21,666	26,926

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	21,349	26,900
Other comprehensive income		
Valuation difference on available-for-sale securities	(799)	6,124
Deferred gains or losses on hedges	(1,827)	723
Foreign currency translation adjustment	1,544	22,775
Remeasurements of defined benefit plans, net of tax	2,506	(118)
Share of other comprehensive income of entities accounted for using equity method	62	(2,443)
Total other comprehensive income	1,486	27,061
Comprehensive income	22,835	53,962
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	22,946	53,295
Comprehensive income attributable to non-controlling interests	(110)	666

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
<b><u>Cash flows from operating activities</u></b>		
Profit before income taxes	26,355	29,687
Depreciation	17,129	17,251
Interest and dividend income	(1,420)	(1,603)
Interest expenses	1,349	985
Share of loss (profit) of entities accounted for using equity method	(4,302)	5,147
Investment expenses	(21)	(4,177)
Loss (gain) on sales and retirement of non-current assets	(77)	(921)
Gain on receipt of donated non-current assets	(711)	-
Loss (gain) on step acquisitions	-	(12,422)
Loss (gain) on change in equity	-	(261)
Provision for loss on litigation	-	1,400
Decrease (increase) in notes and accounts receivable - trade and contract assets	(42,840)	20,947
Decrease (increase) in accounts receivable - other	2,723	(2,356)
Decrease (increase) in inventories	(19,263)	(30,823)
Increase (decrease) in trade payables	23,425	(18,967)
Increase (decrease) in provision for bonuses	(5,169)	(6,004)
Other, net	8,262	(13,325)
Subtotal	5,440	(15,443)
Interest and dividends received	2,801	2,749
Interest paid	(2,605)	(1,483)
Income taxes refund (paid)	(1,765)	(4,233)
<b>Net cash provided by (used in) operating activities</b>	<b>3,870</b>	<b>(18,410)</b>
<b><u>Cash flows from investing activities</u></b>		
Payments into time deposits	(14,643)	(2,000)
Proceeds from withdrawal of time deposits	15,739	1,313
Purchase of property, plant and equipment	(12,823)	(11,495)
Proceeds from sales of property, plant and equipment	305	516
Purchase of intangible assets	(4,727)	(3,370)
Purchase of investment securities	(1,873)	(124)
Proceeds from sale of investment securities	1,733	-
Proceeds from sale of businesses	-	559
Other, net	7,270	5,146
<b>Net cash provided by (used in) investing activities</b>	<b>(9,018)</b>	<b>(9,455)</b>

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(50,704)	(115)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(216)	-
Dividends paid	(17,757)	(23,634)
Other, net	(1,431)	(4,383)
<b>Net cash provided by (used in) financing activities</b>	<b>(70,109)</b>	<b>(28,132)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>511</b>	<b>13,838</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(74,747)</b>	<b>(42,160)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>292,792</b>	<b>239,359</b>
<b>Increase in cash and cash equivalents resulting from share exchanges</b>	<b>-</b>	<b>2,099</b>
<b>Cash and cash equivalents at end of period</b>	<b>218,045</b>	<b>199,297</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)

Effective June 27, 2022, Sharp conducted a share exchange making Sharp the wholly owning parent company via share exchange and Sakai Display Products Corporation a wholly owned subsidiary via share exchange.

As a result, capital surplus increased by 40,337 million yen compared with the end of the previous fiscal year.

(Changes in Accounting Policies)

U.S. Accounting Standard ASC No. 842 Leases

Beginning with the first quarter of the current consolidated fiscal year, Sharp has applied the U.S. accounting standard ASC No. 842 Leases to overseas consolidated subsidiaries, etc. to which U.S. accounting standards are applied.

With the adoption of this accounting standard, lessees in lease transactions recognize right-of-use assets and lease liabilities. Short-term leases are not recognized as right-of-use assets or lease liabilities. In accordance with transitional treatment, Sharp has recognized the impact of this accounting standard cumulatively for balances as of the date of adoption.

In connection with the adoption of this accounting standard, Sharp recorded increases for the first quarter of the current consolidated fiscal year of 6,959 million yen in property, plant and equipment, 1,395 million yen in other under current liabilities, and 5,952 million yen in other under non-current liabilities.

The impact of the adoption of this accounting standard on profit and loss for the first quarter of the current consolidated fiscal year is minor.