

(Revised)

Consolidated Financial Results for the First Quarter Ended June 30, 2020

August 5, 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
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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, 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
Three Months Ended June 30, 2020	<u>514,468</u>	<u>-0.0%</u>	<u>9,858</u>	<u>-25.4%</u>	<u>11,284</u>	<u>-5.8%</u>
Three Months Ended June 30, 2019	<u>514,634</u>	<u>-3.6%</u>	<u>13,213</u>	<u>-46.7%</u>	<u>11,980</u>	<u>-43.7%</u>

	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Three Months Ended June 30, 2020	<u>8,196</u>	<u>-6.5%</u>	<u>13.42</u>	-
Three Months Ended June 30, 2019	<u>8,767</u>	<u>-54.3%</u>	<u>14.35</u>	<u>13.81</u>

[Reference] Comprehensive income : June 30, 2020 ; 17,147 million yen +143.7%
 June 30, 2019 ; 7,035 million yen -70.4%

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 three months ended June 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 June 30, 2020	<u>1,823,247</u>	<u>276,509</u>	<u>14.4%</u>
As of March 31, 2020	<u>1,811,907</u>	<u>270,959</u>	<u>14.1%</u>

[Reference] Equity: June 30, 2020 ; 262,241 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	-	/	/	/	/
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; Yes

4. Other Information

(1) Changes in significant consolidated subsidiaries (Changes in specified subsidiaries involving changes in scope of consolidation): None

Newly added : - company

Excluded : - company

(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, 2020 ; 532,416,558 shares
as of March 31, 2020 ; 532,416,558 shares

2. Number of shares of treasury stock as of June 30, 2020 ; 1,109,355 shares
as of March 31, 2020 ; 1,109,127 shares

3. Average number of shares outstanding during the three months ended June 30, 2020 ; 531,307,306 shares
during the three months ended June 30, 2019 ; 531,311,220 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, 2020. 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.

(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	-	/	/	/	/
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 June 30, 2020
Assets		
Current assets		
Cash and deposits	225,049	236,178
Notes and accounts receivable - trade	423,618	408,597
Inventories	292,840	302,499
Other	142,268	150,773
Allowance for doubtful accounts	(2,629)	(2,449)
Total current assets	<u>1,081,148</u>	<u>1,095,599</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	647,929	640,725
Machinery, equipment and vehicles	1,151,621	1,140,292
Tools, furniture and fixtures	188,295	186,430
Other	162,479	152,160
Accumulated depreciation	(1,749,377)	(1,723,442)
Total property, plant and equipment	<u>400,948</u>	<u>396,165</u>
Intangible assets	45,292	45,607
Investments and other assets		
Investment securities	187,542	189,138
Other	96,975	96,736
Total investments and other assets	<u>284,518</u>	<u>285,875</u>
Total non-current assets	<u>730,759</u>	<u>727,647</u>
Total assets	<u>1,811,907</u>	<u>1,823,247</u>
Liabilities		
Current liabilities		
Notes and accounts payable - trade	311,999	304,614
Electronically recorded obligations - operating	36,331	30,720
Short-term borrowings	237,726	285,998
Provision for bonuses	18,634	11,973
Provision for product warranties	15,967	15,584
Valuation reserve for inventory purchase commitments	17,133	-
Other provisions	13,979	14,037
Other	212,810	210,632
Total current liabilities	<u>864,583</u>	<u>873,560</u>
Non-current liabilities		
Long-term borrowings	538,744	536,807
Provisions	2,454	2,425
Retirement benefit liability	103,217	101,560
Other	31,948	32,383
Total non-current liabilities	<u>676,365</u>	<u>673,177</u>
Total liabilities	<u>1,540,948</u>	<u>1,546,737</u>

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Net assets		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	108,853	108,851
Retained earnings	<u>247,283</u>	<u>244,485</u>
Treasury shares	(13,993)	(13,991)
Total shareholders' equity	<u>347,143</u>	<u>344,345</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,048	10,752
Deferred gains or losses on hedges	846	(260)
Foreign currency translation adjustment	<u>(56,118)</u>	<u>(52,180)</u>
Remeasurements of defined benefit plans	(43,646)	(40,415)
Total accumulated other comprehensive income	<u>(90,870)</u>	<u>(82,103)</u>
Share acquisition rights	293	304
Non-controlling interests	<u>14,392</u>	<u>13,964</u>
Total net assets	<u>270,959</u>	<u>276,509</u>
Total liabilities and net assets	<u>1,811,907</u>	<u>1,823,247</u>

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

- Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	<u>514,634</u>	<u>514,468</u>
Cost of sales	<u>414,338</u>	<u>428,572</u>
Gross profit	<u>100,296</u>	<u>85,896</u>
Selling, general and administrative expenses	<u>87,082</u>	<u>76,037</u>
Operating profit	<u>13,213</u>	<u>9,858</u>
Non-operating income		
Interest income	762	639
Dividend income	747	712
Rental income from non-current assets	800	927
Foreign exchange gains	<u>228</u>	<u>2,286</u>
Other	<u>2,046</u>	<u>3,529</u>
Total non-operating income	<u>4,585</u>	<u>8,095</u>
Non-operating expenses		
Interest expenses	<u>1,245</u>	1,264
Share of loss of entities accounted for using equity method	<u>1,254</u>	647
Other	<u>3,319</u>	<u>4,757</u>
Total non-operating expenses	<u>5,819</u>	<u>6,670</u>
Ordinary profit	<u>11,980</u>	<u>11,284</u>
Extraordinary income		
Gain on sales of non-current assets	113	<u>2,832</u>
Total extraordinary income	113	<u>2,832</u>
Extraordinary losses		
Loss on sales and retirement of non-current assets	78	<u>201</u>
<u>Impairment loss</u>	<u>183</u>	<u>871</u>
<u>Loss on valuation of investment securities</u>	<u>-</u>	<u>2,034</u>
Total extraordinary losses	<u>261</u>	<u>3,107</u>
Profit before income taxes	<u>11,831</u>	<u>11,009</u>
Income taxes - current	3,516	<u>3,585</u>
Income taxes - deferred	<u>(531)</u>	<u>(704)</u>
Total income taxes	<u>2,984</u>	<u>2,880</u>
Profit	<u>8,847</u>	<u>8,128</u>
<u>Profit (loss) attributable to non-controlling interests</u>	<u>80</u>	<u>(67)</u>
Profit attributable to owners of parent	<u>8,767</u>	<u>8,196</u>

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	<u>8,847</u>	<u>8,128</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,008)	<u>2,704</u>
Deferred gains or losses on hedges	(1,313)	(1,135)
Foreign currency translation adjustment	<u>(6,316)</u>	<u>4,517</u>
Remeasurements of defined benefit plans, net of tax	7,283	3,225
Share of other comprehensive income of entities accounted for using equity method	<u>(456)</u>	(293)
Total other comprehensive income	<u>(1,812)</u>	<u>9,018</u>
Comprehensive income	<u>7,035</u>	<u>17,147</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<u>7,218</u>	<u>16,963</u>
Comprehensive income attributable to non-controlling interests	<u>(182)</u>	<u>184</u>

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
<u>Cash flows from operating activities</u>		
Profit before income taxes	<u>11,831</u>	<u>11,009</u>
Depreciation	<u>16,407</u>	<u>17,414</u>
Interest and dividend income	(1,510)	(1,352)
Interest expenses	<u>1,245</u>	1,264
Share of loss (profit) of entities accounted for using equity method	<u>1,254</u>	647
Loss (gain) on sales and retirement of non-current assets	(34)	<u>(2,631)</u>
<u>Impairment loss</u>	<u>183</u>	<u>871</u>
<u>Loss (gain) on valuation of investment securities</u>	-	<u>2,034</u>
Decrease (increase) in trade receivables	<u>31,412</u>	<u>14,970</u>
Decrease (increase) in accounts receivable - other	<u>(11,021)</u>	<u>(7,350)</u>
Decrease (increase) in inventories	<u>(33,497)</u>	<u>(8,806)</u>
Increase (decrease) in trade payables	<u>(17,027)</u>	<u>(12,264)</u>
Increase (decrease) in accrued expenses	(1,366)	<u>958</u>
Increase (decrease) in provision for bonuses	(8,219)	(6,702)
Increase (decrease) in valuation reserve for inventory purchase commitments	484	(17,133)
Other, net	<u>358</u>	<u>(5,967)</u>
Subtotal	<u>(10,216)</u>	<u>(13,036)</u>
Interest and dividends received	2,541	3,122
Interest paid	(1,256)	(1,271)
Income taxes (paid) refund	6,521	(737)
Net cash provided by (used in) operating activities	<u>(15,452)</u>	<u>(11,922)</u>
 <u>Cash flows from investing activities</u>		
Payments into time deposits	(26,471)	(31,852)
Proceeds from withdrawal of time deposits	13,867	28,919
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(138)	-
Purchase of property, plant and equipment	<u>(13,363)</u>	<u>(11,243)</u>
Proceeds from sales of property, plant and equipment	1,017	6,340
Purchase of intangible assets	(4,718)	(4,161)
Purchase of investment securities	(7,487)	(3,613)
Other, net	1,961	3,812
Net cash provided by (used in) investing activities	<u>(35,333)</u>	<u>(11,799)</u>

	(Millions of yen)	
	Three months ended June 30, 2019	Three months ended June 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	125,512	48,243
Repayments of long-term borrowings	(379)	(2,099)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(4,589)
Purchase of treasury shares	(97,073)	(0)
Dividends paid	(13,660)	(10,245)
Other, net	(1,625)	(1,659)
Net cash provided by (used in) financing activities	12,772	29,649
Effect of exchange rate change on cash and cash equivalents	(2,536)	2,305
Net increase (decrease) in cash and cash equivalents	(40,549)	8,232
Cash and cash equivalents at beginning of period	228,798	170,323
Cash and cash equivalents at end of period	188,248	178,555

(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.