

# Consolidated Financial Results for the Second Quarter Ended September 30, 2022

November 4, 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  
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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, 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
Six Months Ended September 30, 2022	1,257,996	+3.3%	2,431	-93.8%	10,229	-79.9%
Six Months Ended September 30, 2021	1,218,212	+6.5%	39,021	+31.6%	50,870	+70.2%

	Profit Attributable to Owners of Parent	Percent Change	Income per Share (Yen)	Fully Diluted Income per Share (Yen)
Six Months Ended September 30, 2022	10,340	-75.7%	16.34	-
Six Months Ended September 30, 2021	42,516	+78.9%	69.61	-

[Reference] Comprehensive income : September 30, 2022 ; 49,290 million yen +5.9%  
 September 30, 2021 ; 46,535 million yen +43.5%

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, 2022	2,226,929	534,098	23.2%
As of March 31, 2022	1,956,288	469,269	23.2%

[Reference] Equity: September 30, 2022 ; 517,222 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	-	0.00	/	/	/
Year Ending March 31, 2023 (Forecast)	/	/	-	-	-

Note1: Revisions to forecast of dividends in this quarter; 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%	25,000	-70.5%	12,000	-89.6%	5,000	-93.2%	7.81

Note: Revisions to forecast of financial results; Yes

### **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 September 30, 2022 ;	650,406,538 shares
as of March 31, 2022 ;	611,952,858 shares
2. Number of shares of treasury stock as of September 30, 2022 ;	1,132,329 shares
as of March 31, 2022 ;	1,131,071 shares
3. Average number of shares outstanding during the six months ended September 30, 2022 ;	632,794,752 shares
during the six months ended September 30, 2021 ;	610,798,835 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 4, 2022. 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.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	287,361	256,550
Notes and accounts receivable - trade, and contract assets	487,160	536,390
Inventories	310,283	380,268
Other	148,165	98,848
Allowance for doubtful accounts	(2,342)	(2,545)
Total current assets	1,230,628	1,269,511
Non-current assets		
Property, plant and equipment		
Buildings and structures	689,458	778,984
Machinery, equipment and vehicles	1,191,042	1,232,705
Tools, furniture and fixtures	177,359	177,410
Other	150,215	194,565
Accumulated depreciation	(1,789,815)	(1,821,882)
Total property, plant and equipment	418,260	561,784
Intangible assets		
Goodwill	8,439	53,501
Other	33,845	32,438
Total intangible assets	42,285	85,940
Investments and other assets		
Investment securities	171,392	256,184
Other	93,721	53,508
Total investments and other assets	265,114	309,692
Total non-current assets	725,660	957,417
<b>Total assets</b>	<b>1,956,288</b>	<b>2,226,929</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	379,394	437,439
Electronically recorded obligations - operating	42,980	40,298
Short-term borrowings	54,300	91,475
Provision for bonuses	18,506	22,056
Provision for product warranties	19,750	13,497
Provision for loss on litigation	12,288	14,649
Other provisions	16,715	13,545
Other	264,260	319,146
Total current liabilities	808,198	952,107
Non-current liabilities		
Long-term borrowings	572,270	620,978
Provisions	3,239	8,887
Retirement benefit liability	73,630	67,962
Other	29,679	42,894
Total non-current liabilities	678,820	740,722
<b>Total liabilities</b>	<b>1,487,018</b>	<b>1,692,830</b>

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	108,623	148,930
Retained earnings	345,218	330,985
Treasury shares	(13,747)	(13,748)
Total shareholders' equity	445,094	471,167
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,169	28,456
Deferred gains or losses on hedges	1,835	1,418
Foreign currency translation adjustment	(9,085)	19,874
Remeasurements of defined benefit plans	(3,745)	(3,692)
Total accumulated other comprehensive income	9,173	46,055
Share acquisition rights	304	295
Non-controlling interests	14,696	16,580
<b>Total net assets</b>	469,269	534,098
<b>Total liabilities and net assets</b>	1,956,288	2,226,929

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

## - Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	1,218,212	1,257,996
Cost of sales	1,007,941	1,077,980
Gross profit	210,270	180,016
Selling, general and administrative expenses	171,249	177,585
Operating profit	39,021	2,431
Non-operating income		
Interest income	1,355	1,154
Dividend income	1,221	1,158
Rental income from non-current assets	1,748	2,056
Foreign exchange gains	6,927	18,757
Share of profit of entities accounted for using equity method	6,659	-
Investment income	2,319	5,755
Other	3,381	3,296
Total non-operating income	23,613	32,179
Non-operating expenses		
Interest expenses	2,541	3,590
Share of loss of entities accounted for using equity method	-	12,430
Other	9,222	8,360
Total non-operating expenses	11,763	24,380
Ordinary profit	50,870	10,229
Extraordinary income		
Gain on sales of non-current assets	518	1,977
Gain on receipt of donated non-current assets	1,245	-
Gain on sale of investment securities	-	0
Gain on step acquisitions	-	12,422
Gain on change in equity	-	261
Gain on bargain purchase	182	-
Gain on reversal of share acquisition rights	-	2
Total extraordinary income	1,946	14,665
Extraordinary losses		
Loss on sales and retirement of non-current assets	108	512
Loss on sale of investment securities	7	-
Loss on sale of shares of subsidiaries and associates	268	-
Business restructuring expenses	-	1,068
Provision for loss on litigation	-	2,267
Total extraordinary losses	385	3,848
Profit before income taxes	52,431	21,047
Income taxes - current	10,654	6,619
Income taxes - deferred	360	2,939
Total income taxes	11,014	9,558
Profit	41,417	11,488
Profit (loss) attributable to non-controlling interests	(1,098)	1,147
Profit attributable to owners of parent	42,516	10,340

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	41,417	11,488
Other comprehensive income		
Valuation difference on available-for-sale securities	(106)	8,286
Deferred gains or losses on hedges	(2,011)	(401)
Foreign currency translation adjustment	1,376	34,022
Remeasurements of defined benefit plans, net of tax	5,603	(29)
Share of other comprehensive income of entities accounted for using equity method	256	(4,076)
Total other comprehensive income	5,118	37,801
Comprehensive income	46,535	49,290
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	47,533	47,222
Comprehensive income attributable to non-controlling interests	(997)	2,067

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	52,431	21,047
Depreciation	34,782	39,802
Interest and dividend income	(2,577)	(2,313)
Interest expenses	2,541	3,590
Share of loss (profit) of entities accounted for using equity method	(6,659)	12,430
Investment expenses (income)	(2,319)	(5,755)
Loss (gain) on sale and retirement of non-current assets	(410)	(1,465)
Gain on receipt of donated non-current assets	(1,245)	-
Loss (gain) on step acquisitions	-	(12,422)
Loss (gain) on change in equity	-	(261)
Gain on reversal of share acquisition rights	-	(2)
Business restructuring expenses	-	1,068
Provision for loss on litigation	-	2,267
Decrease (increase) in notes and accounts receivable - trade and contract assets	(682)	(46,753)
Decrease (increase) in accounts receivable - other	5,637	(478)
Decrease (increase) in inventories	(36,076)	(27,999)
Increase (decrease) in trade payables	8,117	6,789
Other, net	(13,560)	(19,855)
Subtotal	39,980	(30,313)
Interest and dividends received	4,374	4,179
Interest paid	(2,521)	(3,488)
Income taxes refund (paid)	(12,085)	105
<b>Net cash provided by (used in) operating activities</b>	<b>29,747</b>	<b>(29,517)</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(49,377)	(46,484)
Proceeds from withdrawal of time deposits	52,651	43,778
Purchase of property, plant and equipment	(24,160)	(21,753)
Proceeds from sales of property, plant and equipment	1,862	3,911
Purchase of intangible assets	(8,076)	(6,909)
Purchase of investment securities	(6,992)	(124)
Proceeds from sale of investment securities	1,734	151
Proceeds from sale of businesses	-	619
Other, net	15,381	6,864
<b>Net cash provided by (used in) investing activities</b>	<b>(16,977)</b>	<b>(19,945)</b>

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(73,066)	24,280
Proceeds from long-term borrowings	11,000	-
Repayments of long-term borrowings	(10,886)	(3,635)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(216)	-
Dividends paid	(18,303)	(24,411)
Other, net	(2,745)	(3,821)
<b>Net cash provided by (used in) financing activities</b>	<b>(94,219)</b>	<b>(7,588)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>4,350</b>	<b>20,617</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(77,099)</b>	<b>(36,434)</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>215,693</b>	<b>205,024</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 cumulative second quarter of the current consolidated fiscal year of 7,880 million yen in property, plant and equipment, 1,570 million yen in other under current liabilities, and 6,742 million yen in other under non-current liabilities.

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