

# Consolidated Financial Results for the Third Quarter Ended December 31, 2020

March 12, 2021

## 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 Nine Months Ended December 31, 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
Nine Months Ended December 31, 2020	1,816,860	+3.8%	62,011	+0.4%	43,851	-26.6%
Nine Months Ended December 31, 2019	1,750,437	-1.1%	61,791	-6.9%	59,777	-0.6%

	Profit Attributable to Owners of Parent	Percent Change	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Nine Months Ended December 31, 2020	41,146	-10.8%	67.36	-
Nine Months Ended December 31, 2019	46,107	-25.5%	75.48	72.61

[Reference] Comprehensive income : December 31, 2020 ; 52,969 million yen -26.5 %  
 December 31, 2019 ; 72,027 million yen +9.5 %

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 nine months ended December 31, 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 December 31, 2020	1,937,821	311,523	15.3%
As of March 31, 2020	1,811,907	270,959	14.1%

[Reference] Equity: December 31, 2020 ; 297,386 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)				30.00	30.00

Note1: Revisions to forecast of dividends in this quarter; Yes

Note2: 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

Note: 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): Yes

Newly added : 3 companies

Sharp NEC Display Solutions, Ltd., NEC Viewtechnology Trading(Shenzhen), Ltd.,  
Yantai Xiazhi Precision Electronics Co., Ltd.

Excluded : 1 company

Sharp Brasil Comercio e Distribuicao de Artigos Eletronicos Ltda.

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

2. Number of shares of treasury stock as of December 31, 2020 ; 1,118,531 shares  
as of March 31, 2020 ; 1,109,127 shares

3. Average number of shares outstanding during the nine months ended December 31, 2020 ; 531,305,725 shares  
during the nine months ended December 31, 2019 ; 531,310,201 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 March 12, 2021. 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	-		

Notes:

1. The priority for Class C share dividends is the same as common shares. Further, the dividend amount for Class C shares for the fiscal year ended March 31, 2020, is the amount calculated in accordance with the dividend provisions stipulated in the Company's Articles of Incorporation (each Class C share entitles the holder to receive dividends equivalent to the amount paid per 100 common shares).
2. The number of outstanding Class C shares as of March 31, 2020, was 795,363 shares. On February 26, 2021, the Company acquired all 795,363 outstanding Class C shares in exchange for 79,536,300 shares of common stock. On the same day, the Company cancelled all of the acquired Class C shares; therefore, a forecast of dividend amount for the fiscal year ending March 31, 2021, is not provided herein.

## Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	225,049	259,027
Notes and accounts receivable - trade	423,618	505,737
Inventories	292,840	268,436
Other	142,268	160,387
Allowance for doubtful accounts	(2,629)	(2,930)
Total current assets	1,081,148	1,190,658
Non-current assets		
Property, plant and equipment		
Buildings and structures	647,929	678,971
Machinery, equipment and vehicles	1,151,621	1,146,742
Tools, furniture and fixtures	188,295	187,025
Other	162,479	166,159
Accumulated depreciation	(1,749,377)	(1,734,226)
Total property, plant and equipment	400,948	444,671
Intangible assets	45,292	45,461
Investments and other assets		
Investment securities	187,542	164,229
Other	96,975	92,800
Total investments and other assets	284,518	257,029
Total non-current assets	730,759	747,162
<b>Total assets</b>	<b>1,811,907</b>	<b>1,937,821</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	311,999	385,166
Electronically recorded obligations - operating	36,331	35,218
Short-term borrowings	237,726	195,254
Provision for bonuses	18,634	12,342
Provision for product warranties	15,967	18,675
Valuation reserve for inventory purchase commitments	17,133	-
Other provisions	13,979	17,137
Other	212,810	270,201
Total current liabilities	864,583	933,996
Non-current liabilities		
Long-term borrowings	538,744	560,331
Provisions	2,454	5,263
Retirement benefit liability	103,217	101,617
Other	31,948	25,089
Total non-current liabilities	676,365	692,301
<b>Total liabilities</b>	<b>1,540,948</b>	<b>1,626,297</b>

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
<b>Net assets</b>		
Shareholders' equity		
Share capital	5,000	5,000
Capital surplus	108,853	109,135
Retained earnings	247,283	277,434
Treasury shares	(13,993)	(14,002)
Total shareholders' equity	347,143	377,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,048	10,104
Deferred gains or losses on hedges	846	(3,688)
Foreign currency translation adjustment	(56,118)	(53,001)
Remeasurements of defined benefit plans	(43,646)	(33,596)
Total accumulated other comprehensive income	(90,870)	(80,181)
Share acquisition rights	293	311
Non-controlling interests	14,392	13,826
<b>Total net assets</b>	<b>270,959</b>	<b>311,523</b>
<b>Total liabilities and net assets</b>	<b>1,811,907</b>	<b>1,937,821</b>

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

## - Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	1,750,437	1,816,860
Cost of sales	1,421,903	1,512,524
Gross profit	328,533	304,335
Selling, general and administrative expenses	266,742	242,324
Operating profit	61,791	62,011
Non-operating income		
Interest income	2,207	2,157
Dividend income	1,328	1,229
Rental income from non-current assets	2,563	2,616
Foreign exchange gains	1,181	4,468
Other	8,307	7,401
Total non-operating income	15,589	17,873
Non-operating expenses		
Interest expenses	3,631	4,144
Share of loss of entities accounted for using equity method	3,584	18,821
Other	10,386	13,068
Total non-operating expenses	17,602	36,033
Ordinary profit	59,777	43,851
Extraordinary income		
Gain on sales of non-current assets	1,005	5,514
Gain on sales of investment securities	244	14
Gain on sales of shares of subsidiaries and associates	-	167
Gain on reversal of share acquisition rights	0	5
Gain on donation of non-current assets	-	6,129
Gain on liquidation of subsidiaries and associates	-	27
Gain on step acquisitions	188	-
Total extraordinary income	1,440	11,858
Extraordinary losses		
Loss on sales and retirement of non-current assets	312	499
Impairment loss	1,212	1,124
Loss on valuation of investment securities	-	2,034
Restructuring charges	334	-
Total extraordinary losses	1,858	3,658
Profit before income taxes	59,359	52,051
Income taxes - current	8,496	8,626
Income taxes - deferred	2,875	1,511
Total income taxes	11,372	10,137
Profit	47,986	41,913
Profit attributable to non-controlling interests	1,878	767
Profit attributable to owners of parent	46,107	41,146

- Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	47,986	41,913
Other comprehensive income		
Valuation difference on available-for-sale securities	3,390	2,044
Deferred gains or losses on hedges	1,044	(4,564)
Foreign currency translation adjustment	(1,198)	3,094
Remeasurements of defined benefit plans, net of tax	21,261	10,020
Share of other comprehensive income of entities accounted for using equity method	(457)	461
Total other comprehensive income	24,040	11,055
Comprehensive income	72,027	52,969
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	70,188	51,835
Comprehensive income attributable to non-controlling interests	1,838	1,133

### (3) Consolidated Statements of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
<b><u>Cash flows from operating activities</u></b>		
Profit before income taxes	59,359	52,051
Depreciation	52,572	52,262
Interest and dividend income	(3,536)	(3,387)
Interest expenses	3,631	4,144
Share of loss (profit) of entities accounted for using equity method	3,584	18,821
Loss (gain) on sales and retirement of non-current assets	(693)	(5,014)
Gain on donation of non-current assets	-	(6,129)
Loss (gain) on sales of investment securities	(244)	(14)
Loss (gain) on valuation of investment securities	-	2,034
Loss (gain) on sales of shares of subsidiaries and associates	-	(167)
Loss (gain) on liquidation of subsidiaries and associates	-	(27)
Loss (gain) on step acquisitions	(188)	-
Impairment loss	1,212	1,124
Decrease (increase) in trade receivables	22,713	(70,499)
Decrease (increase) in accounts receivable - other	(24,801)	(8,219)
Decrease (increase) in inventories	(54,390)	37,315
Increase (decrease) in trade payables	(10,106)	52,239
Increase (decrease) in accrued expenses	1,467	16,745
Increase (decrease) in advances received	10,541	(13,137)
Increase (decrease) in valuation reserve for inventory purchase commitments	(1,372)	(17,133)
Other, net	(6,291)	(12,599)
Subtotal	53,454	100,409
Interest and dividends received	6,952	8,196
Interest paid	(3,649)	(4,588)
Income taxes (paid) refund	(11,849)	(4,986)
<b>Net cash provided by (used in) operating activities</b>	<b>44,907</b>	<b>99,030</b>
<b><u>Cash flows from investing activities</u></b>		
Payments into time deposits	(100,476)	(88,078)
Proceeds from withdrawal of time deposits	85,432	92,405
Purchase of property, plant and equipment	(62,896)	(29,849)
Proceeds from sales of property, plant and equipment	2,553	10,252
Purchase of intangible assets	(16,420)	(12,072)
Purchase of investment securities	(31,580)	(3,910)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,855)	(264)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	338	2,852
Other, net	10,047	8,113
<b>Net cash provided by (used in) investing activities</b>	<b>(114,857)</b>	<b>(20,551)</b>



	(Millions of yen)	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	156,626	(54,070)
Proceeds from long-term borrowings	1,804	34,570
Repayments of long-term borrowings	(1,157)	(2,665)
Redemption of bonds	(30,000)	-
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(8,668)	(6,875)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	5,904	-
Purchase of treasury shares	(97,076)	(14)
Dividends paid	(15,024)	(10,978)
Other, net	(6,335)	(3,264)
<b>Net cash provided by (used in) financing activities</b>	<b>6,073</b>	<b>(43,298)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(732)</b>	<b>2,941</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(64,608)</b>	<b>38,122</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>228,798</b>	<b>170,323</b>
<b>Cash and cash equivalents at end of period</b>	<b>164,189</b>	<b>208,446</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)

No applicable matters to report.

(Significant Subsequent Events)

Acquisition and cancellation of treasury stock (Class C shares)

At a meeting held February 5, 2021, the Sharp Corporation board of directors resolved to acquire and cancel all treasury stock (Class C shares) as described below, based on an acquisition clause designating common stock as consideration.

The Company raised capital by issuing 200,000 Class A shares and 25,000 Class B shares in June 2015 and 3,281,950,697 common shares and 11,363,636 Class C shares in 2016. The Company engaged in management restructuring under a system of management launched during that period. Of these share classes, the Company has determined to eliminate Class A shares and Class B shares as soon as possible, as these class of shares have priority of common shares with respect to dividends, etc., as well as redemption rights involving cash consideration. In line with a recovery in financial condition and business performance, the Company has worked to improve equity qualitatively through the acquisition and cancellation of stock (we acquired all Class B shares in August 2016, a portion of Class A shares in October 2018 (92,000 shares), and the remaining Class A shares (108,000 shares) in June 2019).

Meanwhile, the Company acquired a portion of Class C shares (341,000 shares) in July 2018 in exchange for 34,100,000 shares of common stock. The Company has left the remaining 795,363 shares of Class C shares as-is, viewing these shares as the equivalent of common stock, since this class of shares does not have priority with respect to dividends, etc., nor redemption rights involving cash consideration.

However, the Company recognizes some disadvantages in the remaining class of shares, including the fact that the existence of a share class separate from common stock may complicate investor decision-making, which may, in turn, hinder the trading of Company common stock. Further, considering that we are already past the management restructuring stage owing to companywide

efforts for a recovery in business performance, the Company has decided to cancel all Class C shares, issued originally for the purpose of management restructuring. Therefore, the Company will acquire and cancel the 795,363 shares of Class C shares issued and outstanding in exchange for common stock.

(1) Acquisition of all Class C shares according to acquisition clause designating common stock as consideration

i. Class and number of shares acquired

Class C shares (non-voting shares, shares subject to a clause for acquisition in exchange for common shares, unlisted shares)

795,363 shares (all Class C shares issued and outstanding)

ii. Class and number of shares delivered

Common stock 79,536,300 shares (100 shares of common stock for each share of Class C shares)

iii. Date of share acquisition based on acquisition clause and date of common stock delivery

February 26, 2021

(2) Cancellation of treasury stock (Class C shares)

i. Class and number of shares canceled

Class C shares

795,363 shares (all Class C shares issued and outstanding)

ii. Date of cancellation

February 26, 2021