

Preliminary

Summary of Consolidated Financial Statements for the Second Quarter Ended September 30, 2021 (IFRS Basis)

Listed company name: **Nitto Denko Corporation**
 Stock exchange listing: First Section of Tokyo Stock Exchange
 Code Number: 6988 URL <https://www.nitto.com/>
 Company Representative: Hideo Takasaki, President
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Filing date of quarterly financial statements: October 28, 2021
 Estimated starting date of dividend paying: November 26, 2021
 Preparation of supplementary explanatory materials: Yes
 Holding of quarterly earnings release conference: Yes (for investment analysts and institutional investors)

(All monetary values noted herein are rounded down to the nearest million yen)

1. Consolidated financial results of the first half ended September 30, 2021 (April 1, 2021 through September 30, 2021)

(1) Operating results (% of change from same period in the previous year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First half ended September 30, 2021	425,951	19.1	72,808	71.8	72,648	73.7	52,189	70.7	52,138	70.7	55,584	96.3
First half ended September 30, 2020	357,737	-5.4	42,367	3.1	41,822	2.0	30,573	4.8	30,544	4.8	28,322	110.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First half ended September 30, 2021	352.32	352.14
First half ended September 30, 2020	204.73	204.59

(2) Financial position

	Total assets	Total equity	Equity attributable to owners of the parent company	Ratio of equity attributable to owners of the parent company to total assets
	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2021	1,020,799	757,552	756,702	74.1
March 31, 2021	965,901	716,686	715,868	74.1

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
March, 2021	-	100.00	-	100.00	200.00
March, 2022	-	110.00	-	-	-
March, 2022 (Forecast)	-	-	-	110.00	220.00

(Note) Revision of dividend forecast in the current quarter: No

3. Forecast for fiscal year ending March 31, 2022 (April 1, 2021 through March 31, 2022)

(% of change from same period in the previous year)

	Revenue		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Annual	845,000	11.0	126,000	34.3	126,000	35.0	90,000	28.0	90,000	28.1	608.16

(Note) Revision of consolidated forecast in the current quarter: Yes

- Others

(1) Changes in significant subsidiaries during the second quarter ended September 30, 2021: No

(2) Changes in accounting policies applied and changes in accounting estimates

1. Changes in accounting policies required by IFRS: No
2. Changes in accounting policies other than the above: No
3. Changes in accounting estimates: No

(3) Number of shares outstanding (Common stock)

1. Number of shares outstanding at the end of the period (including treasury stock)

September 30, 2021: 149,758,428	March 31, 2021: 149,758,428
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2. Number of treasury stock at the end of the period

September 30, 2021: 1,756,129	March 31, 2021: 1,792,681
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3. Average number of outstanding shares during the period (cumulative from the beginning of the period)

April-September 2021: 147,986,175	April-September 2020: 149,194,091
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- These quarterly financial results are not subject to quarterly review procedures by Certified Public Accountants or audit firm.

- Explanations for adequate utilization of the forecast and other special matters

The forward-looking statements shown in this report, including the forecast, are prepared based on information available to the Company and on certain assumptions deemed reasonable as of the issuing date of the report. Consequently, the statements herein do not constitute promises regarding actual results by the Company. Actual results may differ materially from forecasted figures due to various unknown factors.

(Reference) Segment Information (six months)

(Yen in Millions)

		First half ended September 30, 2020 (April 1, 2020 through September 30, 2020)	First half ended September 30, 2021 (April 1, 2021 through September 30, 2021)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	132,973	165,023	124.1
	Operating income	8,471	20,866	246.3
Optronics	Information Fine Materials	183,783	185,076	100.7
	Flexible Printed Circuits	23,930	44,897	187.6
	Total	207,714	229,973	110.7
	Operating income	37,768	48,087	127.3
Life Science	Revenue	13,799	25,444	184.4
	Operating income	-1,315	6,384	-
Others	Revenue	11,800	13,998	118.6
	Operating income	-2,364	-2,038	-
Corporate/Elimination	Revenue	-8,549	-8,489	-
	Operating income	-191	-490	-
Total	Revenue	357,737	425,951	119.1
	Operating income	42,367	72,808	171.8

(Note) Previously, Industrial Tape was divided into Functional Base Products and Transportation. However, as a result of changes in the management structure that have been made during the fiscal year 2021, Functional Base Products and Transportation have been integrated and described as Industrial Tape. Such changes have also been reflected in the figures for the first half ended September 30, 2020.

(Reference) Segment Information (three months)

(Yen in Millions)

		Second quarter ended September 30, 2020 (July 1, 2020 through September 30, 2020)	Second quarter ended September 30, 2021 (July 1, 2021 through September 30, 2021)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	74,439	82,481	110.8
	Operating income	6,820	10,148	148.8
Optronics	Information Fine Materials	98,001	95,912	97.9
	Flexible Printed Circuits	13,539	27,333	201.9
	Total	111,541	123,246	110.5
	Operating income	20,051	30,771	153.5
Life Science	Revenue	6,755	13,543	200.5
	Operating income	-797	3,270	-
Others	Revenue	6,407	6,960	108.6
	Operating income	-1,342	-1,068	-
Corporate/Elimination	Revenue	-4,716	-3,996	-
	Operating income	193	-33	-
Total	Revenue	194,427	222,235	114.3
	Operating income	24,925	43,088	172.9

(Note) Previously, Industrial Tape was divided into Functional Base Products and Transportation. However, as a result of changes in the management structure that have been made during the fiscal year 2021, Functional Base Products and Transportation have been integrated and described as Industrial Tape. Such changes have also been reflected in the figures for the second quarter ended September 30, 2020.

Forecasts of fiscal year ending March 31, 2022

		Revenue	Y-o-Y (%)
Industrial Tape	Revenue	332,000	111.8
	Operating income	38,000	139.1
Optronics	Information Fine Materials	362,000	97.1
	Flexible Printed Circuits	86,000	153.4
	Total	448,000	104.5
	Operating income	87,000	107.8
Life Science	Revenue	53,000	177.5
	Operating income	10,000	-
Others	Revenue	27,000	116.0
	Operating income	-5,000	-
Corporate/Elimination	Revenue	-15,000	-
	Operating income	-4,000	-
Total	Revenue	845,000	111.0
	Operating income	126,000	134.3

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	March 31, 2021	September 30, 2021
(Assets)		
Current assets		
Cash and cash equivalents	300,888	320,509
Trade and other receivables	182,939	194,487
Inventories	107,668	118,499
Other financial assets	1,399	1,337
Other current assets	17,121	21,167
Total current assets	<u>610,017</u>	<u>656,002</u>
Non-current assets		
Property, plant and equipment	270,813	279,750
Right-of-use assets	14,979	13,647
Goodwill	4,593	4,605
Intangible assets	13,620	13,629
Investments accounted for using equity method	392	376
Financial assets	10,856	11,765
Deferred tax assets	25,951	26,336
Other non-current assets	14,676	14,685
Total non-current assets	<u>355,884</u>	<u>364,797</u>
Total assets	<u><u>965,901</u></u>	<u><u>1,020,799</u></u>

(Yen in Millions)

	March 31, 2021	September 30, 2021
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	100,790	103,903
Bonds and borrowings	545	209
Income tax payables	11,225	16,299
Other financial liabilities	22,834	20,792
Other current liabilities	47,387	55,347
Total current liabilities	182,783	196,552
Non-current liabilities		
Other financial liabilities	17,161	16,438
Defined benefit liabilities	46,754	47,712
Deferred tax liabilities	347	269
Other non-current liabilities	2,167	2,274
Total non-current liabilities	66,431	66,694
Total liabilities	249,214	263,247
(Equity)		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	50,070	50,056
Retained earnings	635,916	673,259
Treasury stock	-10,039	-9,834
Other components of equity	13,136	16,437
Total equity attributable to owners of the parent company	715,868	756,702
Non-controlling interests	817	850
Total equity	716,686	757,552
Total liabilities and equity	965,901	1,020,799

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
 (Quarterly consolidated statements of income)

(Yen in Millions)

	First half ended September 30, 2020 (April 1, 2020 through September 30, 2020)	First half ended September 30, 2021 (April 1, 2021 through September 30, 2021)
Revenue	357,737	425,951
Cost of sales	247,228	273,837
Gross profit	110,509	152,114
Selling, general and administrative expenses	50,885	61,536
Research and development expenses	17,261	18,644
Other income	2,294	2,665
Other expenses	2,289	1,790
Operating income	42,367	72,808
Financial income	275	309
Financial expenses	838	504
Equity in profits (losses) of affiliates	16	34
Income before income taxes	41,822	72,648
Income tax expenses	11,248	20,458
Net income	30,573	52,189
Net income attributable to:		
Owners of the parent company	30,544	52,138
Non-controlling interests	29	51
Total	30,573	52,189
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	204.73	352.32
Diluted earnings per share (yen)	204.59	352.14

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	First half ended September 30, 2020 (April 1, 2020 through September 30, 2020)	First half ended September 30, 2021 (April 1, 2021 through September 30, 2021)
Net income	30,573	52,189
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on financial assets measured at fair value through other comprehensive income	244	385
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	-2,491	3,005
Net gain (loss) in fair value of cash flow hedges	-1	1
Share of other comprehensive income of associates accounted for using equity method	-2	1
Total other comprehensive income	<u>-2,251</u>	<u>3,394</u>
Total comprehensive income	<u><u>28,322</u></u>	<u><u>55,584</u></u>
Total comprehensive income attributable to:		
Owners of the parent company	28,292	55,532
Non-controlling interests	<u>29</u>	<u>52</u>
Total	<u><u>28,322</u></u>	<u><u>55,584</u></u>

(3) Quarterly consolidated statements of changes in equity

For the first half ended September 30, 2020 (April 1, 2020 through September 30, 2020)

(Yen in Millions)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of April 1, 2020	26,783	50,271	643,521	-27,505	-3,624	689,446	757	690,204
Net income	-	-	30,544	-	-	30,544	29	30,573
Other comprehensive income	-	-	-	-	-2,251	-2,251	0	-2,251
Total comprehensive income	-	-	30,544	-	-2,251	28,292	29	28,322
Share-based payment transactions	-	-200	-	-	-95	-296	-	-296
Dividends	-	-	-15,391	-	-	-15,391	-22	-15,414
Changes in treasury stock	-	24	-	-32,929	-	-32,905	-	-32,905
Total transactions with owners	-	-176	-15,391	-32,929	-95	-48,593	-22	-48,616
Balance as of September 30, 2020	26,783	50,094	658,674	-60,435	-5,972	669,145	764	669,910

For the first half ended September 30, 2021 (April 1, 2021 through September 30, 2021)

(Yen in Millions)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
Balance as of April 1, 2021	26,783	50,070	635,916	-10,039	13,136	715,868	817	716,686
Net income	-	-	52,138	-	-	52,138	51	52,189
Other comprehensive income	-	-	-	-	3,393	3,393	1	3,394
Total comprehensive income	-	-	52,138	-	3,393	55,532	52	55,584
Share-based payment transactions	-	-69	-	-	-92	-161	-	-161
Dividends	-	-	-14,796	-	-	-14,796	-20	-14,816
Changes in treasury stock	-	55	-	204	-	259	-	259
Total transactions with owners	-	-14	-14,796	204	-92	-14,698	-20	-14,718
Balance as of September 30, 2021	26,783	50,056	673,259	-9,834	16,437	756,702	850	757,552

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	First half ended September 30, 2020 (April 1, 2020 through September 30, 2020)	First half ended September 30, 2021 (April 1, 2021 through September 30, 2021)
Cash flows from operating activities		
Income before income taxes	41,822	72,648
Depreciation and amortization	23,796	24,458
Impairment losses	112	130
Increase (decrease) in defined benefit liabilities	1,286	1,009
Decrease (increase) in trade and other receivables	-16,635	-10,075
Decrease (increase) in inventories	345	-10,178
Increase (decrease) in trade and other payables	3,158	2,553
Interest and dividend income	300	263
Interest expenses paid	-324	-278
Income taxes (paid) refunded	-12,852	-15,859
Others	-381	772
Net cash provided by (used in) operating activities	40,627	65,442
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-30,107	-29,457
Proceeds from sale of property, plant and equipment and intangible assets	120	255
Decrease (increase) in time deposits	802	181
Purchase of investment securities	-322	-582
Purchase of shares of subsidiaries and associates	-879	-109
Others	-6	981
Net cash provided by (used in) investing activities	-30,392	-28,729
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	39	-337
Repayment of finance lease obligations	-2,744	-2,805
Decrease (increase) in treasury stock	-33,309	-0
Cash dividends paid	-15,391	-14,796
Others	-23	-19
Net cash provided by (used in) financing activities	-51,430	-17,958
Effect of exchange rate changes on cash and cash equivalents	-448	867
Net increase (decrease) in cash and cash equivalents	-41,642	19,621
Cash and cash equivalents at the beginning of the period	304,922	300,888
Cash and cash equivalents at the end of the period	263,280	320,509

(Segment information)

Information regarding revenue, income or loss by segments

First half ended September 30, 2020 (April 1, 2020 through September 30, 2020)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	131,278	203,715	11,871	10,412	357,279	458	357,737
Inter-segment revenue	1,694	3,998	1,927	1,387	9,007	-9,007	-
Total segment revenue	132,973	207,714	13,799	11,800	366,287	-8,549	357,737
Total operating income (loss)	8,471	37,768	-1,315	-2,364	42,559	-191	42,367
Financial income							275
Financial expenses							-838
Equity in profits (losses) of affiliates							16
Income before income taxes							41,822

(Note) With the changes in the management structure that have been made during the fiscal year 2021, Functional Base Products and Transportation, both included in the Industrial Tape, have been integrated. Such changes have also been reflected in the figures for the first half ended September 30, 2020.

Major products for each segment

Business segment	Major products
Industrial Tape	Functional Base Products (bonding and joining products, protective materials, processing materials, automotive products, etc.)
Optronics	Information Fine Materials, Flexible Printed Circuits
Life Science	Medical Products
Others	Membrane Products, Other Products

First half ended September 30, 2021 (April 1, 2021 through September 30, 2021)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	163,578	226,240	23,404	12,140	425,363	587	425,951
Inter-segment revenue	1,445	3,733	2,040	1,857	9,077	-9,077	-
Total segment revenue	165,023	229,973	25,444	13,998	434,440	-8,489	425,951
Total operating income (loss)	20,866	48,087	6,384	-2,038	73,299	-490	72,808
Financial income							309
Financial expenses							-504
Equity in profits (losses) of affiliates							34
Income before income taxes							72,648

Major products for each segment

Business segment	Major products
Industrial Tape	Functional Base Products (bonding and joining products, protective materials, processing materials, automotive products, etc.)
Optronics	Information Fine Materials, Flexible Printed Circuits
Life Science	Medical Products
Others	Membrane Products, Other Products