

Preliminary

Summary of Consolidated Financial Statements for the Third Quarter Ended December 31, 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
 Contact Person: Yasuhiro Iseyama, Executive Vice President, Director of Corporate Accounting & Finance Division
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Filing date of quarterly financial statements: January 28, 2022
 Estimated starting date of dividend paying: -
 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 third quarter ended December 31, 2021 (April 1, 2021 through December 31, 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	%
Third quarter ended December 31, 2021	646,271	14.1	108,334	42.7	108,669	44.1	77,976	41.4	77,898	41.4	89,827	64.1
Third quarter ended December 31, 2020	566,210	-0.8	75,902	26.1	75,389	25.9	55,158	29.2	55,106	29.2	54,739	53.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended December 31, 2021	526.37	526.10
Third quarter ended December 31, 2020	370.38	370.12

(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	%
December 31, 2021	1,036,976	775,562	774,683	74.7
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	855,000	12.3	133,000	41.8	133,000	42.5	95,000	35.1	95,000	35.3	641.93

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

- Others

(1) Changes in significant subsidiaries during the third quarter ended December 31, 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)
December 31, 2021: 149,758,428 March 31, 2021: 149,758,428
2. Number of treasury stock at the end of the period
December 31, 2021: 1,756,178 March 31, 2021: 1,792,681
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)
April-December 2021: 147,991,538 April-December 2020: 148,784,734

- 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 (nine months)

(Yen in Millions)

		Third quarter ended	Third quarter ended	Y-o-Y (%)
		December 31, 2020 (April 1, 2020 through December 31, 2020)	December 31, 2021 (April 1, 2021 through December 31, 2021)	
		Revenue	Revenue	
Industrial Tape	Revenue	216,706	249,101	114.9
	Operating income	20,875	30,845	147.8
Optronics	Information Fine Materials	283,220	276,200	97.5
	Flexible Printed Circuits	40,420	72,872	180.3
	Total	323,641	349,072	107.9
	Operating income	62,633	74,076	118.3
Life Science	Revenue	21,389	39,729	185.7
	Operating income	-1,440	8,996	-
Others	Revenue	17,850	21,067	118.0
	Operating income	-4,269	-4,030	-
Corporate/Elimination	Revenue	-13,378	-12,700	-
	Operating income	-1,896	-1,555	-
Total	Revenue	566,210	646,271	114.1
	Operating income	75,902	108,334	142.7

(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 third quarter ended December 31, 2020.

(Reference) Segment Information (three months)

(Yen in Millions)

		Third quarter ended December 31, 2020 (October 1, 2020 through December 31, 2020)	Third quarter ended December 31, 2021 (October 1, 2021 through December 31, 2021)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	83,733	84,078	100.4
	Operating income	12,404	9,979	80.5
Optronics	Information Fine Materials	99,437	91,124	91.6
	Flexible Printed Circuits	16,489	27,974	169.7
	Total	115,926	119,099	102.7
	Operating income	24,865	25,989	104.5
Life Science	Revenue	7,590	14,284	188.2
	Operating income	-124	2,612	-
Others	Revenue	6,050	7,068	116.8
	Operating income	-1,905	-1,992	-
Corporate/Elimination	Revenue	-4,829	-4,210	-
	Operating income	-1,704	-1,064	-
Total	Revenue	208,472	220,319	105.7
	Operating income	33,534	35,525	105.9

(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 third quarter ended December 31, 2020.

Forecasts of fiscal year ending March 31, 2022

		Revenue	Y-o-Y (%)
Industrial Tape	Revenue	330,000	111.1
	Operating income	37,000	135.5
Optronics	Information Fine Materials	362,500	97.2
	Flexible Printed Circuits	95,000	169.5
	Total	457,500	106.7
	Operating income	93,000	115.2
Life Science	Revenue	56,000	187.6
	Operating income	13,000	-
Others	Revenue	27,500	118.2
	Operating income	-6,000	-
Corporate/Elimination	Revenue	-16,000	-
	Operating income	-4,000	-
Total	Revenue	855,000	112.3
	Operating income	133,000	141.8

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	March 31, 2021	December 31, 2021
(Assets)		
Current assets		
Cash and cash equivalents	300,888	331,406
Trade and other receivables	182,939	197,247
Inventories	107,668	121,019
Other financial assets	1,399	1,478
Other current assets	17,121	19,844
Total current assets	<u>610,017</u>	<u>670,996</u>
Non-current assets		
Property, plant and equipment	270,813	281,897
Right-of-use assets	14,979	13,323
Goodwill	4,593	4,581
Intangible assets	13,620	13,378
Investments accounted for using equity method	392	558
Financial assets	10,856	11,732
Deferred tax assets	25,951	25,976
Other non-current assets	14,676	14,530
Total non-current assets	<u>355,884</u>	<u>365,980</u>
Total assets	<u><u>965,901</u></u>	<u><u>1,036,976</u></u>

(Yen in Millions)

	March 31, 2021	December 31, 2021
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	100,790	100,943
Bonds and borrowings	545	245
Income tax payables	11,225	16,020
Other financial liabilities	22,834	19,218
Other current liabilities	47,387	57,826
Total current liabilities	<u>182,783</u>	<u>194,256</u>
Non-current liabilities		
Other financial liabilities	17,161	16,333
Defined benefit liabilities	46,754	48,301
Deferred tax liabilities	347	222
Other non-current liabilities	2,167	2,301
Total non-current liabilities	<u>66,431</u>	<u>67,158</u>
Total liabilities	<u>249,214</u>	<u>261,414</u>
(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	683,551
Treasury stock	-10,039	-9,834
Other components of equity	13,136	24,126
Total equity attributable to owners of the parent company	<u>715,868</u>	<u>774,683</u>
Non-controlling interests	<u>817</u>	<u>879</u>
Total equity	<u>716,686</u>	<u>775,562</u>
Total liabilities and equity	<u><u>965,901</u></u>	<u><u>1,036,976</u></u>

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

(Yen in Millions)

	Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)	Third quarter ended December 31, 2021 (April 1, 2021 through December 31, 2021)
Revenue	566,210	646,271
Cost of sales	385,248	414,670
Gross profit	180,961	231,600
Selling, general and administrative expenses	79,178	96,578
Research and development expenses	26,104	27,498
Other income	3,652	4,753
Other expenses	3,428	3,942
Operating income	75,902	108,334
Financial income	449	1,413
Financial expenses	986	1,132
Equity in profits (losses) of affiliates	23	54
Income before income taxes	75,389	108,669
Income tax expenses	20,230	30,692
Net income	55,158	77,976
Net income attributable to:		
Owners of the parent company	55,106	77,898
Non-controlling interests	51	78
Total	55,158	77,976
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	370.38	526.37
Diluted earnings per share (yen)	370.12	526.10

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)	Third quarter ended December 31, 2021 (April 1, 2021 through December 31, 2021)
Net income	55,158	77,976
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	660	124
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	-1,074	11,723
Net gain (loss) in fair value of cash flow hedges	-0	-0
Share of other comprehensive income of associates accounted for using equity method	-3	2
Total other comprehensive income	-419	11,850
Total comprehensive income	54,739	89,827
Total comprehensive income attributable to:		
Owners of the parent company	54,686	89,746
Non-controlling interests	53	81
Total	54,739	89,827

(3) Quarterly consolidated statements of changes in equity

For the third quarter ended December 31, 2020 (April 1, 2020 through December 31, 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	-	-	55,106	-	-	55,106	51	55,158
Other comprehensive income	-	-	-	-	-420	-420	1	-419
Total comprehensive income	-	-	55,106	-	-420	54,686	53	54,739
Share-based payment transactions	-	-200	-	-	-45	-245	-	-245
Dividends	-	-	-30,188	-	-	-30,188	-22	-30,211
Changes in treasury stock	-	24	-	-32,930	-	-32,905	-	-32,905
Transfer from other components of equity to retained earnings	-	-	31	-	-31	-	-	-
Total transactions with owners	-	-176	-30,156	-32,930	-76	-63,340	-22	-63,362
Balance as of December 31, 2020	26,783	50,094	668,471	-60,435	-4,121	680,792	788	681,580

For the third quarter ended December 31, 2021 (April 1, 2021 through December 31, 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	-	-	77,898	-	-	77,898	78	77,976
Other comprehensive income	-	-	-	-	11,847	11,847	3	11,850
Total comprehensive income	-	-	77,898	-	11,847	89,746	81	89,827
Share-based payment transactions	-	-69	-	-	-44	-113	-	-113
Dividends	-	-	-31,076	-	-	-31,076	-20	-31,097
Changes in treasury stock	-	55	-	204	-	259	-	259
Transfer from other components of equity to retained earnings	-	-	813	-	-813	-	-	-
Total transactions with owners	-	-14	-30,263	204	-857	-30,931	-20	-30,951
Balance as of December 31, 2021	26,783	50,056	683,551	-9,834	24,126	774,683	879	775,562

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)	Third quarter ended December 31, 2021 (April 1, 2021 through December 31, 2021)
Cash flows from operating activities		
Income before income taxes	75,389	108,669
Depreciation and amortization	35,827	37,320
Impairment losses	436	1,198
Increase (decrease) in defined benefit liabilities	1,945	1,656
Decrease (increase) in trade and other receivables	-22,652	-9,682
Decrease (increase) in inventories	-608	-11,013
Increase (decrease) in trade and other payables	10,028	-452
Increase (decrease) in advances received	1,185	8,991
Interest and dividend income	502	441
Interest expenses paid	-480	-383
Income taxes (paid) refunded	-21,425	-26,633
Others	-1,601	-6,770
Net cash provided by (used in) operating activities	78,547	103,341
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-44,972	-43,274
Proceeds from sale of property, plant and equipment and intangible assets	302	753
Decrease (increase) in time deposits	839	232
Purchase of investment securities	-334	-594
Proceeds from sale of investment securities	85	764
Purchase of shares of subsidiaries and associates	-880	-269
Others	0	981
Net cash provided by (used in) investing activities	-44,959	-41,406
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	64	-305
Repayment of finance lease obligations	-4,061	-4,143
Decrease (increase) in treasury stock	-33,310	-0
Cash dividends paid	-30,188	-31,076
Others	-27	-23
Net cash provided by (used in) financing activities	-67,522	-35,550
Effect of exchange rate changes on cash and cash equivalents	638	4,133
Net increase (decrease) in cash and cash equivalents	-33,295	30,517
Cash and cash equivalents at the beginning of the period	304,922	300,888
Cash and cash equivalents at the end of the period	271,627	331,406

(Segment information)

Information regarding revenue, income or loss by segments

Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	213,976	317,108	18,364	16,079	565,528	681	566,210
Inter-segment revenue	2,730	6,532	3,025	1,771	14,060	-14,060	-
Total segment revenue	216,706	323,641	21,389	17,850	579,588	-13,378	566,210
Operating income (loss)	20,875	62,633	-1,440	-4,269	77,798	-1,896	75,902
Financial income							449
Financial expenses							-986
Equity in profits (losses) of affiliates							23
Income before income taxes							75,389

(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 third quarter ended December 31, 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

Third quarter ended December 31, 2021 (April 1, 2021 through December 31, 2021)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	246,985	343,344	36,506	18,598	645,435	835	646,271
Inter-segment revenue	2,116	5,728	3,223	2,468	13,536	-13,536	-
Total segment revenue	249,101	349,072	39,729	21,067	658,971	-12,700	646,271
Operating income (loss)	30,845	74,076	8,996	-4,030	109,889	-1,555	108,334
Financial income							1,413
Financial expenses							-1,132
Equity in profits (losses) of affiliates							54
Income before income taxes							<u>108,669</u>

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