

Preliminary

Summary of Consolidated Financial Statements for the Second Quarter Ended September 30, 2022 (IFRS Basis)

Listed company name: **Nitto Denko Corporation**
 Stock exchange listing: Tokyo Stock Exchange, Prime Market
 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, 2022
 Estimated starting date of dividend paying: November 25, 2022
 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, 2022 (April 1, 2022 through September 30, 2022)

(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, 2022	484,909	13.8	92,279	26.7	92,035	26.7	63,442	21.6	63,398	21.6	110,350	98.5
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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First half ended September 30, 2022	428.29	428.12
First half ended September 30, 2021	352.32	352.14

(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, 2022	1,201,280	912,038	911,107	75.8
March 31, 2022	1,094,469	822,105	821,192	75.0

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March, 2022	-	110.00	-	110.00	220.00
March, 2023	-	120.00	-	-	-
March, 2023 (Forecast)	-	-	-	120.00	240.00

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

3. Forecast for fiscal year ending March 31, 2023 (April 1, 2022 through March 31, 2023)

(% 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	955,000	11.9	160,000	21.0	160,000	20.9	115,000	18.3	115,000	18.4	776.96

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

- Others

(1) Changes in significant subsidiaries during the second quarter ended September 30, 2022: 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, 2022: 149,758,428 March 31, 2022: 149,758,428
2. Number of treasury stock at the end of the period
September 30, 2022: 1,719,993 March 31, 2022: 1,744,778
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)
April-September 2022: 148,026,050 April-September 2021: 147,986,175

- 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, 2021 (April 1, 2021 through September 30, 2021)	First half ended September 30, 2022 (April 1, 2022 through September 30, 2022)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	159,796	170,860	106.9
	Operating income	20,346	16,677	82.0
Optronics	Information Fine Materials	185,076	196,513	106.2
	Flexible Printed Circuits	44,897	61,879	137.8
	Total	229,973	258,393	112.4
	Operating income	48,087	72,604	151.0
Human Life	Life Science	25,444	30,072	118.2
	Membrane	13,998	16,907	120.8
	Personal Care Materials	5,886	19,076	324.0
	Total	45,330	66,055	145.7
	Operating income	7,600	5,420	71.3
Others	Revenue	-	1	-
	Operating income	-2,735	-2,723	-
Corporate/Elimination	Revenue	-9,149	-10,402	-
	Operating income	-490	300	-
Total	Revenue	425,951	484,909	113.8
	Operating income	72,808	92,279	126.7

(Note) Since “Human Life” has been newly established in the reporting segments from FY2022, partial changes have been made to reporting segments. “Human Life” includes “Life Science” and “Membrane” which was previously included in “Others”. In addition, The personal care components business of Mondi, acquired in the first quarter of FY2022, has been newly established as “Personal Care Materials” in the “Human Life”. Certain related businesses has been transferred from “Industrial Tape” to “Personal Care Materials”. Such changes have also been reflected in the figures for the first half ended September 30, 2021.

(Reference) Segment Information (three months)

(Yen in Millions)

		Second quarter ended September 30, 2021 (July 1, 2021 through September 30, 2021)	Second quarter ended September 30, 2022 (July 1, 2022 through September 30, 2022)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	80,188	90,295	112.6
	Operating income	10,078	8,584	85.2
Optronics	Information Fine Materials	95,912	111,709	116.5
	Flexible Printed Circuits	27,333	35,251	129.0
	Total	123,246	146,960	119.2
	Operating income	30,771	46,934	152.5
Human Life	Life Science	13,543	12,127	89.5
	Membrane	6,960	9,067	130.3
	Personal Care Materials	2,649	15,668	591.3
	Total	23,154	36,863	159.2
	Operating income	3,645	156	4.3
Others	Revenue	-	0	-
	Operating income	-1,373	-1,341	-
Corporate/Elimination	Revenue	-4,353	-5,579	-
	Operating income	-33	-575	-
Total	Revenue	222,235	268,540	120.8
	Operating income	43,088	53,758	124.8

(Note) Since “Human Life” has been newly established in the reporting segments from FY2022, partial changes have been made to reporting segments. “Human Life” includes “Life Science” and “Membrane” which was previously included in “Others”. In addition, The personal care components business of Mondi, acquired in the first quarter of FY2022, has been newly established as “Personal Care Materials” in the “Human Life”. Certain related businesses has been transferred from “Industrial Tape” to “Personal Care Materials”. Such changes have also been reflected in the figures for the second quarter ended September 30, 2021.

Forecasts of fiscal year ending March 31, 2023

		Revenue	Y-o-Y (%)
Industrial Tape	Revenue	340,000	106.5
	Operating income	37,000	97.9
Optronics	Information Fine Materials	380,000	104.5
	Flexible Printed Circuits	120,000	125.2
	Total	500,000	108.8
	Operating income	130,000	134.6
Human Life	Life Science	51,500	99.1
	Membrane	31,500	113.7
	Personal Care Materials	51,500	410.5
	Total	134,500	145.9
	Operating income	4,000	55.3
Others	Revenue	2	110.7
	Operating income	-6,500	-
Corporate/Elimination	Revenue	-19,502	-
	Operating income	-4,500	-
Total	Revenue	955,000	111.9
	Operating income	160,000	121.0

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	March 31, 2022	September 30, 2022
(Assets)		
Current assets		
Cash and cash equivalents	362,046	286,796
Trade and other receivables	206,084	249,770
Inventories	128,318	151,906
Other financial assets	4,939	2,256
Other current assets	21,349	25,249
Subtotal	<u>722,738</u>	<u>715,979</u>
Assets held for sale	-	4,279
Total current assets	<u>722,738</u>	<u>720,259</u>
Non-current assets		
Property, plant and equipment	286,949	329,775
Right-of-use assets	13,681	15,204
Goodwill	4,809	66,862
Intangible assets	13,707	14,567
Investments accounted for using equity method	547	463
Financial assets	12,131	11,244
Deferred tax assets	24,131	27,553
Other non-current assets	15,772	15,350
Total non-current assets	<u>371,730</u>	<u>481,021</u>
Total assets	<u><u>1,094,469</u></u>	<u><u>1,201,280</u></u>

(Yen in Millions)

	March 31, 2022	September 30, 2022
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	102,798	107,775
Bonds and borrowings	241	255
Income tax payables	18,138	27,171
Other financial liabilities	19,979	22,055
Other current liabilities	67,330	63,752
Subtotal	208,489	221,010
Liabilities directly associated with assets classified as held for sale	-	1,366
Total current liabilities	208,489	222,376
Non-current liabilities		
Other financial liabilities	16,941	17,556
Defined benefit liabilities	44,125	44,975
Deferred tax liabilities	326	1,380
Other non-current liabilities	2,480	2,954
Total non-current liabilities	63,873	66,865
Total liabilities	272,363	289,242
(Equity)		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	49,992	50,064
Retained earnings	705,910	753,027
Treasury stock	-9,771	-9,632
Other components of equity	48,276	90,864
Total equity attributable to owners of the parent company	821,192	911,107
Non-controlling interests	913	930
Total equity	822,105	912,038
Total liabilities and equity	1,094,469	1,201,280

(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, 2021 (April 1, 2021 through September 30, 2021)	First half ended September 30, 2022 (April 1, 2022 through September 30, 2022)
Revenue	425,951	484,909
Cost of sales	273,837	298,944
Gross profit	152,114	185,964
Selling, general and administrative expenses	61,536	71,380
Research and development expenses	18,644	20,398
Other income	2,665	2,693
Other expenses	1,790	4,599
Operating income	72,808	92,279
Financial income	309	1,019
Financial expenses	504	1,293
Equity in profits (losses) of affiliates	34	29
Income before income taxes	72,648	92,035
Income tax expenses	20,458	28,592
Net income	52,189	63,442
Net income attributable to:		
Owners of the parent company	52,138	63,398
Non-controlling interests	51	43
Total	52,189	63,442
Earnings per share attributable to owners of the parent company		
Basic earnings per share (Yen)	352.32	428.29
Diluted earnings per share (Yen)	352.14	428.12

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	First half ended September 30, 2021 (April 1, 2021 through September 30, 2021)	First half ended September 30, 2022 (April 1, 2022 through September 30, 2022)
Net income	52,189	63,442
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	385	-358
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	3,005	45,053
Net gain (loss) in fair value of cash flow hedges	1	2,209
Share of other comprehensive income of associates accounted for using equity method	1	2
Total other comprehensive income	3,394	46,907
Total comprehensive income	55,584	110,350
Total comprehensive income attributable to:		
Owners of the parent company	55,532	110,303
Non-controlling interests	52	46
Total	55,584	110,350

(3) Quarterly consolidated statements of changes in equity

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

For the first half ended September 30, 2022 (April 1, 2022 through September 30, 2022)

(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, 2022	26,783	49,992	705,910	-9,771	48,276	821,192	913	822,105
Net income	-	-	63,398	-	-	63,398	43	63,442
Other comprehensive income	-	-	-	-	46,904	46,904	3	46,907
Total comprehensive income	-	-	63,398	-	46,904	110,303	46	110,350
Share-based payment transactions	-	-	-	-	-110	-110	-	-110
Dividends	-	-	-16,281	-	-	-16,281	-29	-16,311
Changes in treasury stock	-	71	-	138	-	210	-	210
Transfer from other components of equity to non-financial assets	-	-	-	-	-4,206	-4,206	-	-4,206
Total transactions with owners	-	71	-16,281	138	-4,317	-20,388	-29	-20,418
Balance as of September 30, 2022	26,783	50,064	753,027	-9,632	90,864	911,107	930	912,038

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	First half ended September 30, 2021 (April 1, 2021 through September 30, 2021)	First half ended September 30, 2022 (April 1, 2022 through September 30, 2022)
Cash flows from operating activities		
Income before income taxes	72,648	92,035
Depreciation and amortization	24,458	27,704
Impairment losses	130	3,142
Increase (decrease) in defined benefit liabilities	1,009	977
Decrease (increase) in trade and other receivables	-10,075	-19,662
Decrease (increase) in inventories	-10,178	-9,303
Increase (decrease) in trade and other payables	2,553	-783
Increase (decrease) in advances received	6,242	-10,102
Interest and dividend income	263	419
Interest expenses paid	-278	-281
Income taxes (paid) refunded	-15,859	-21,692
Others	-5,470	419
Net cash provided by (used in) operating activities	65,442	62,870
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-29,457	-34,295
Proceeds from sale of property, plant and equipment and intangible assets	255	198
Decrease (increase) in time deposits	181	68
Purchase of investment securities	-582	-12
Purchase of shares of subsidiaries and associates	-109	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-95,411
Others	981	55
Net cash provided by (used in) investing activities	-28,729	-129,397
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-337	12
Repayment of finance lease obligations	-2,805	-2,968
Decrease (increase) in treasury stock	-0	-1
Cash dividends paid	-14,796	-16,281
Others	-19	-28
Net cash provided by (used in) financing activities	-17,958	-19,266
Effect of exchange rate changes on cash and cash equivalents	867	11,547
Cash and cash equivalents included in assets held for sale	-	-1,003
Net increase (decrease) in cash and cash equivalents	19,621	-75,249
Cash and cash equivalents at the beginning of the period	300,888	362,046
Cash and cash equivalents at the end of the period	320,509	286,796

(Segment information)

Information regarding revenue, income or loss by segments

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

(Yen in Millions)

	Industrial Tape	Optronics	Human Life	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	158,120	226,240	41,003	-	425,363	587	425,951
Inter-segment revenue	1,676	3,733	4,327	-	9,736	-9,736	-
Total segment revenue	159,796	229,973	45,330	-	435,100	-9,149	425,951
Operating income (loss)	20,346	48,087	7,600	-2,735	73,299	-490	72,808
Financial income							309
Financial expenses							-504
Equity in profits (losses) of affiliates							34
Income before income taxes							72,648

(Note) Since “Human Life” has been newly established in the reporting segments from FY2022, partial changes have been made to reporting segments. “Human Life” includes “Life Science” and “Membrane” which was previously included in “Others”. In addition, The personal care components business of Mondi, acquired in the first quarter of FY2022, has been newly established as “Personal Care Materials” in the “Human Life”. Certain related businesses has been transferred from “Industrial Tape” to “Personal Care Materials”. Such changes have also been reflected in the figures for the first half ended September 30, 2021.

Major products for each segment

Business segment	Major products or business
Industrial Tape	Functional Base Products (bonding and joining products, protective materials, processing materials, automotive products, etc.)
Optronics	Information Fine Materials (optical films, etc.), Flexible Printed Circuits (CIS (Circuit Integrated Suspension), high-precision circuits, etc.)
Human Life	Life Science (oligonucleotide contract manufacturing business, nucleic acid synthesis materials, nucleic acid drug discovery, medical products, etc.), Membrane (high-polymer separation membrane), Personal Care Materials (hygienic materials for functional film, etc.)
Others	New Business, Other Products

First half ended September 30, 2022 (April 1, 2022 through September 30, 2022)

(Yen in Millions)

	Industrial Tape	Optronics	Human Life	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	168,439	254,503	61,391	1	484,336	572	484,909
Inter-segment revenue	2,421	3,889	4,664	-	10,975	-10,975	-
Total segment revenue	170,860	258,393	66,055	1	495,311	-10,402	484,909
Operating income (loss)	16,677	72,604	5,420	-2,723	91,978	300	92,279
Financial income							1,019
Financial expenses							-1,293
Equity in profits (losses) of affiliates							29
Income before income taxes							92,035

Major products for each segment

Business segment	Major products or business
Industrial Tape	Functional Base Products (bonding and joining products, protective materials, processing materials, automotive products, etc.)
Optronics	Information Fine Materials (optical films, etc.), Flexible Printed Circuits (CIS (Circuit Integrated Suspension), high-precision circuits, etc.)
Human Life	Life Science (oligonucleotide contract manufacturing business, nucleic acid synthesis materials, nucleic acid drug discovery, medical products, etc.), Membrane (high-polymer separation membrane), Personal Care Materials (hygienic materials for functional film, etc.)
Others	New Business, Other Products