

## 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  
 Contact Person: Yasuhiro Iseyama, Executive Vice President, Director of Corporate Accounting & Finance Division  
 Phone: +81-6-7632-2101

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. For conditions regarding this forecast and precaution for use, please refer to "1. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections" on page 7 of the Attachment to this summary of consolidated financial results.

(Reference) Consolidated financial results of the second quarter (three months) of the fiscal year ending March 31, 2023  
(July 1, 2022 through September 30, 2022)

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

(% 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	%
Second quarter ended Sept. 30, 2022	268,540	20.8	53,758	24.8	53,360	24.1	36,984	18.1	36,959	18.1	49,191	49.7
Second quarter ended Sept. 30, 2021	222,235	14.3	43,088	72.9	43,004	74.9	31,319	69.1	31,293	69.1	32,868	93.2

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Second quarter ended Sept. 30, 2022	249.66	249.56
Second quarter ended Sept. 30, 2021	211.44	211.34

(Attached Documents)

Index

1. Qualitative Information Regarding Quarterly Settlement of Accounts.....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position.....	7
(3) Explanation of forecasts and other projections.....	7
2. Quarterly Consolidated Financial Statements and Key Notes.....	8
(1) Quarterly consolidated statements of financial position.....	8
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income.....	10
(3) Quarterly consolidated statements of changes in equity.....	12
(4) Quarterly consolidated statements of cash flows.....	13
(5) Notes on quarterly consolidated financial statements.....	14
(Notes on going concern assumption).....	14
(Segment information).....	14
(Business combination).....	16
(Assets held for sale and directly related liabilities).....	18
(Impairment losses).....	18
(Significant subsequent events).....	18

## 1. Qualitative Information Regarding Quarterly Settlement of Accounts

### (1) Explanation of operating results

During the second quarter of the fiscal year ending March 31, 2023 (April 1, 2022 through September 30, 2022), the economic environment saw greater-than-expected depreciation of the yen, mainly against the U.S. dollar, due to a shift in monetary policy from loosening to tightening in countries and regions other than Japan with background of global inflation. In addition, the economic outlook is becoming increasingly uncertain due to the stagnation of economic activities resulting from the Zero-COVID policy in China and the prolonged military invasion of Ukraine by Russia.

In the key markets of Nitto Group (the “Group”) under this economic environment, demand for our products for high-end smartphones and laptops grew. Demand for automotive materials recovered due to the easing of the impact of semiconductor shortages and other factors. In the nucleic acid drug market, demand for immunologic adjuvants for COVID-19 vaccines increased.

In response to COVID-19, the Group is working to continue supplying to customers while prioritizing everyone’s health and safety and preventing the spread of infection. The Group will continue to make our utmost efforts to prevent any disruption in the provision of products and services to our customers.

The yen’s exchange rate against the U.S. dollar for the second quarter ended September 30, 2022, was 131.3 yen to the dollar, a 19.8% depreciation of the yen compared with the same period of the previous year, and the effect of the weaker yen increased operating income by 38.5 billion yen.

As a result of the above, revenue increased by 13.8% from the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 484,909 million yen. Operating income increased by 26.7% to 92,279 million yen, income before income taxes increased by 26.7% to 92,035 million yen, net income increased by 21.6% to 63,442 million yen, and net income attributable to owners of the parent company increased by 21.6% to 63,398 million yen.

### Summary of results by segment

#### ① Industrial Tape

For Functional Base Products, sales increased from the same period of the previous year. Demand for assembly materials for high-end smartphones increased, and automotive materials and general industrial materials recovered from sluggish demand due to the impact of COVID-19 and semiconductor shortages in the previous fiscal year. On the other hand, the Group was affected by rising raw material prices and transportation costs due to the rising crude oil prices. In the automotive materials business, the Group agreed to transfer a portion of NVH (Noise, Vibration, Harshness) business to Parker Corporation and recorded an impairment loss on a portion of the related assets.

As a result of the above, revenue increased by 6.9% to 170,860 million yen and operating income decreased by 18.0% to 16,677 million yen.

#### ② Optronics

In Information Fine Materials, revenue increased from the same period of the previous year. Demand for optical films for high-end laptops increased. Although the lockdown in China caused by the spread of COVID-19 in the first quarter of the fiscal year restricted production at the Group’s base, manufacture and shipments recovered rapidly through the second quarter as the lockdown ended.

In Flexible Printed Circuits, sales increased from the same period of the previous year. Sales of high-precision circuits for high-end smartphones grew significantly due to an increase in the number of models in which they are adopted.

As a result of the above, revenue increased by 12.4% to 258,393 million yen and operating income increased by 51.0% to 72,604 million yen.

③ Human Life

In Life Science, sales increased from the same period of the previous year. COVID-19 vaccination progressed worldwide, and sales of immunologic adjuvants for COVID-19 vaccine increased in the oligonucleotide contract manufacturing business. In addition, demand for polymer beads for nucleic acid synthesis (NittoPhase<sup>TM</sup>) increased in the growing market of nucleic acid drugs. In Medical Products, demand for transdermal absorbents and surgical tapes recovered from sluggish demand due to COVID-19. In development of nucleic acid drugs, the Group continues to engage in clinical trials of idiopathic pulmonary fibrosis and intractable cancer drugs.

Membranes saw increased demand compared to the same period of the previous year. Demand for high-polymer separation membrane increased in various industrial applications.

The Personal Care Materials business was launched under the new organization, Advanced Film Solutions Division, integrating the personal care component business of Mondi plc acquired in July 2022 and the existing hygiene material business. Such changes have been reflected in business results from the second quarter of the fiscal year under review. The functional films for hygiene products, our main products, are being developed for use in baby care, adult diapers, feminine care, and other applications.

As a result of the above, revenue increased by 45.7% to 66,055 million yen and operating income decreased by 28.7% to 5,420 million yen.

④ Others

Please note that this segment includes new products that have not generated sufficient revenue yet. Major business themes are the development of optical plastic fiber and disposable holter ECG device, EG Holter<sup>TM</sup>, aiming for early mass production.

As a result of the above, revenue amounted to 1 million yen (no revenue was reported in the same period of the previous year), and operating loss amounted to 2,723 million yen. (operating loss of 2,735 million yen was reported in the same period of the previous year)

(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 Mondy, 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) Explanation of financial position

The Group's financial position at the end of the second quarter of the fiscal year ending March 31, 2023, was as follows.

Compared with the end of the fiscal year ended March 31, 2022, total assets increased by 106,811 million yen to 1,201,280 million yen and total liabilities increased by 16,879 million yen to 289,242 million yen. Total equity increased by 89,932 million yen to 912,038 million yen. As a result, the ratio of equity attributable to owners of the parent company to total assets changed from 75.0% at the end of the fiscal year ended March 31, 2022, to 75.8% at the end of the second quarter of the fiscal year ending March 31, 2023.

The main changes in assets were a decrease in cash and cash equivalents of 75,249 million yen, an increase in trade and other receivables of 43,686 million yen, an increase in inventories of 23,588 million yen, a decrease in other financial assets of 2,683 million yen, an increase in other current assets of 3,899 million yen, an increase in assets held for sale of 4,279 million yen, an increase in property, plant and equipment of 42,825 million yen, an increase in right-of-use assets of 1,522 million yen, an increase in goodwill of 62,052 million yen, an increase in deferred tax assets of 3,422 million yen. In terms of liabilities, trade and other payables increased by 4,976 million yen, income tax payables increased by 9,032 million yen, other current financial liabilities increased by 2,076 million yen, other current liabilities decreased by 3,578 million yen, liabilities directly associated with assets classified as held for sale increased by 1,366 million yen, deferred tax liabilities increased by 1,053 million yen.

(3) Explanation of forecasts and other projections

The business environment surrounding the Group is becoming increasingly uncertain due to a reactionary decline in demand for staying at home, particularly in the electronics market. Demand for immunologic adjuvants we are supplying is expected to decline as the spread of COVID-19 settles down. Under these circumstances, the Group will focus on expanding sales of high-end smartphones, laptops and automotive products to stabilize revenues by providing customers with higher added value.

On October 4, 2022, a fire broke out at a consolidated subsidiary, Korea Optical Hight Tech Co., Ltd. The fire destroyed buildings and inventories, but the effects on business performance are insignificant.

In addition, the full-year forecasts of the fiscal year ending March 31, 2023, are unchanged from the previous report on July 26, 2022, considering the circumstances described above and the results for the second quarter, but the forecasts by segment have been revised. The exchange rate from the third quarter onward is assumed to be 1\$ = ¥120.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	March 31, 2022	September 30, 2022
<b>(Assets)</b>		
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



(5) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(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

(Business combination)

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

Not applicable.

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

(Acquisition of 4 subsidiaries of Mondi plc)

(1) Outline of the business combination

On June 30, 2022, the Group acquired 100% of the shares of four companies (Mondi Gronau GmbH in Germany, Mondi Ascania GmbH in Germany, Mondi China Film Technology Co., Ltd in China, and a newly established company that takes over Personal Care Components Business\* of Mondi Jackson LLC in the U.S.) that consists of the Personal Care Component business of Mondi plc (listed on the London Stock Exchange), making them our wholly owned subsidiaries. Through this acquisition, in addition to business growth in the “human life” domain, which is one of our focus areas outlined in our mid-term plan “Nitto Beyond 2023”, the Group believe that synergies with our core technologies will expand the possibility of creating new products and innovations such as environmentally friendly products, highly-performance films, and multifunctional development of non-woven fabric.

\* Personal Care Components Business: The manufacturing and sale of hygienic materials for elastic components, non-woven fabrics and functional film that are found in diapers, feminine hygiene products, wet wipes, and face masks

(2) Breakdown of fair value of acquired assets and assumed liabilities and consideration for acquisition on the acquisition date

The amount of acquired assets and assumed liabilities are provisionally calculated based on rational information currently available to the Group, since the consideration had not been allocated yet at the end of the second quarter ended September 30, 2022.

	(Yen in Millions)
	Amount
Fair value of consideration for acquisition	63,246
Amount of acquired assets and assumed liabilities	
Current assets	26,831
Non-current assets	25,418
Current liabilities	-10,982
Non-current liabilities	-28,704
Net amount of acquired assets and assumed liabilities	12,562
Goodwill	50,683
Total consideration for acquisition	63,246

Consideration for acquisition has not been finalized yet because the post-acquisition consideration adjustment has not been completed.

In addition to paying 63,246 million yen in cash as consideration for the acquisition, the Group provided a cash loan of 25,165 million yen to the acquired company. The acquired company uses this loan as a source to repay debt.

Acquisition-related costs for this business combination amounted to 444 million yen, all of which was expensed under “Selling, general and administrative expenses” on the consolidated statements of income.

Goodwill has arisen primarily in association with expected future earning power. There is no amount expected to be deductible for tax purposes with respect to Goodwill.

(3) Expenditures for the acquisition of a subsidiary

	(Yen in Millions)
	Amount
Cash paid	88,412
Cash and cash equivalents in the acquired subsidiary	-2,181
Expenditures for the acquisition of a subsidiary	86,231

Cash paid includes 63,246 million yen of consideration for acquisition and 25,165 million yen of cash loan to the acquired company.

#### (4) Impact on the Group's financial results

Had the business combination taken place at the beginning of the fiscal year, the amounts of revenue and net income would have been 496,999 million yen and 61,932 million yen, respectively. These estimates have yet to be certified by an audit.

##### (Acquisition of Bend Labs, Inc.)

#### (1) Outline of the business combination

On May 31, 2022, the Group acquired 100% of the shares of Bend Labs, Inc. and made it a wholly owned subsidiary of the Group as Nitto Bend Technologies. Going forward, the Group will combine the sensor device technologies developed by Bend Labs, Inc. with Nitto's strengths to develop next-generation technologies and products, as well as to expand our business in our three focus domains of next-generation mobility, information interface, and human life through new businesses that utilize data acquired from the sensors.

#### (2) Breakdown of fair value of acquired assets and assumed liabilities and consideration for acquisition on the acquisition date

The amount of acquired assets and assumed liabilities are provisionally calculated based on rational information currently available to the Group, since the consideration had not been allocated yet at the end of the second quarter ended September 30, 2022.

	(Yen in Millions)
	Amount
Fair value of consideration for acquisition	8,989
Amount of acquired assets and assumed liabilities	
Current assets	415
Non-current assets	108
Current liabilities	-899
Net amount of acquired assets and assumed liabilities	-376
Goodwill	9,365
Total consideration for acquisition	8,989

Consideration for acquisition includes the acquisition date fair value of 277 million yen of the acquired company's shares held immediately prior to the acquisition date (as 6.4% of voting rights). In addition to paying 8,712 million yen in cash as consideration for the acquisition, the Group provided a cash loan of 882 million yen to the acquired company. The acquired company uses this loan as a source to repay debt.

Acquisition-related costs for this business combination amounted to 150 million yen, all of which was expensed under "Selling, general and administrative expenses" on the consolidated statements of income.

Goodwill has arisen primarily in association with expected future earning power. There is no amount expected to be deductible for tax purposes with respect to Goodwill.

#### (3) Gain on step acquisition of the business

167 million yen of gain on the step acquisitions resulting from the remeasurement to fair value of the equity interest in the acquired company held prior to the business combination is recognized as "Financial income" on the consolidated statements of income.

#### (4) Expenditures for the acquisition of a subsidiary

	(Yen in Millions)
	Amount
Cash paid	9,595
Cash and cash equivalents in the acquired subsidiary	-415
Expenditures for the acquisition of a subsidiary	9,179

Cash paid includes 8,712 million yen of consideration for acquisition and 882 million yen of cash loan to the acquired company.

#### (5) Impact on the Group's financial results

The impact by the business combination on the consolidated statements of income and information of profit or loss assumed that the business combination was completed at the beginning of the fiscal year are not significant. Therefore, the description is omitted.

(Assets held for sale and directly related liabilities)

Assets held for sale and directly related liabilities consist of the following.

	(Yen in Millions)	
	March 31, 2022	September 30, 2022
Assets held for sale		
Cash and cash equivalents	-	1,003
Trade and other receivables	-	867
Inventories	-	1,703
Others	-	706
Total	-	4,279
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	-	731
Others	-	634
Total	-	1,366

As part of its restructuring, the Group made a decision to transfer a portion of Transportation business belonging to Industrial Tape Business Segment to Parker Corporation, and accordingly, at the end of the second quarter of the fiscal year under review, the disposal group belonging to this business was classified as held for sale. The equity transfer agreement was entered into on October 24. The disposal group belonging to this business is scheduled to be sold within 1 year from the end of the second quarter of the fiscal year under review. Disposal groups held for sale are measured at the lower of carrying amount or fair value less cost to sell. During the second quarter of the fiscal year under review, the Group recognized impairment losses in Others expenses as the disposal group was classified as held for sale.

(Impairment losses)

In the second quarter of the fiscal year under review, Impairment losses were 3,142 million yen, which are included in “Other expenses”.

The major factors are as follows.

As part of the restructuring, the Group made a decision to transfer a portion of Transportation business belonging to Industrial Tape business segment. In conjunction with this decision, the Group recognized an impairment loss because the carrying amount of the disposal group (property, plant and equipment, etc.) was less than the fair value less the selling price. Fair value is determined based on pricing negotiations with the seller and other factors, and the hierarchy of this fair value is Level 3.

(Significant subsequent events)

Not applicable.