

Preliminary

Summary of Consolidated Financial Statements for the Third Quarter Ended December 31, 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: January 30, 2023
 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, 2022 (April 1, 2022 through December 31, 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	%
Third quarter ended December 31, 2022	738,979	14.3	137,718	27.1	137,397	26.4	95,838	22.9	95,766	22.9	113,405	26.2
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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended December 31, 2022	646.94	646.69
Third quarter ended December 31, 2021	526.37	526.10

(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, 2022	1,167,864	897,379	896,424	76.8
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	940,000	10.1	145,000	9.6	145,000	9.5	100,000	2.8	100,000	3.0	675.54

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

- Others

(1) Changes in significant subsidiaries during the third quarter ended December 31, 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)
December 31, 2022: 149,758,428 March 31, 2022: 149,758,428
2. Number of treasury stock at the end of the period
December 31, 2022: 1,718,662 March 31, 2022: 1,744,778
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)
April-December 2022: 148,030,323 April-December 2021: 147,991,538

- 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 December 31, 2021 (April 1, 2021 through December 31, 2021)	Third quarter ended December 31, 2022 (April 1, 2022 through December 31, 2022)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	241,079	262,265	108.8
	Operating income	29,895	24,518	82.0
Optronics	Information Fine Materials	276,200	301,473	109.2
	Flexible Printed Circuits	72,872	92,510	126.9
	Total	349,072	393,984	112.9
	Operating income	74,076	114,508	154.6
Human Life	Life Science	39,729	43,303	109.0
	Membrane	21,067	25,896	122.9
	Personal Care Materials	9,038	33,572	371.5
	Total	69,834	102,772	147.2
	Operating income	10,663	6,544	61.4
Others	Revenue	-	4	-
	Operating income	-4,746	-4,232	-
Corporate/Elimination	Revenue	-13,715	-20,047	-
	Operating income	-1,555	-3,621	-
Total	Revenue	646,271	738,979	114.3
	Operating income	108,334	137,718	127.1

(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 third quarter ended December 31, 2021.

(Reference) Segment Information (three months)

(Yen in Millions)

		Third quarter ended December 31, 2021 (October 1, 2021 through December 31, 2021)	Third quarter ended December 31, 2022 (October 1, 2022 through December 31, 2022)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	81,282	91,404	112.5
	Operating income	9,548	7,841	82.1
Optronics	Information Fine Materials	91,124	104,959	115.2
	Flexible Printed Circuits	27,974	30,631	109.5
	Total	119,099	135,591	113.8
	Operating income	25,989	41,904	161.2
Human Life	Life Science	14,284	13,231	92.6
	Membrane	7,068	8,989	127.2
	Personal Care Materials	3,151	14,496	460.0
	Total	24,504	36,716	149.8
	Operating income	3,063	1,124	36.7
Others	Revenue	-	2	-
	Operating income	-2,011	-1,509	-
Corporate/Elimination	Revenue	-4,566	-9,645	-
	Operating income	-1,064	-3,922	-
Total	Revenue	220,319	254,070	115.3
	Operating income	35,525	45,439	127.9

(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 third quarter ended December 31, 2021.

Forecasts of fiscal year ending March 31, 2023

		Revenue	Y-o-Y (%)
Industrial Tape	Revenue	340,000	106.5
	Operating income	30,000	79.3
Optronics	Information Fine Materials	372,500	102.4
	Flexible Printed Circuits	117,500	122.6
	Total	490,000	106.6
	Operating income	125,000	129.4
Human Life	Life Science	52,500	101.0
	Membrane	32,500	117.3
	Personal Care Materials	48,000	382.6
	Total	133,000	144.2
	Operating income	1,500	20.7
Others	Revenue	5	276.9
	Operating income	-6,500	-
Corporate/Elimination	Revenue	-23,005	-
	Operating income	-5,000	-
Total	Revenue	940,000	110.1
	Operating income	145,000	109.6

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	March 31, 2022	December 31, 2022
(Assets)		
Current assets		
Cash and cash equivalents	362,046	317,137
Trade and other receivables	206,084	207,938
Inventories	128,318	146,860
Other financial assets	4,939	3,993
Other current assets	21,349	22,559
Subtotal	<u>722,738</u>	<u>698,488</u>
Assets held for sale	-	4,182
Total current assets	<u>722,738</u>	<u>702,671</u>
Non-current assets		
Property, plant and equipment	286,949	322,927
Right-of-use assets	13,681	13,487
Goodwill	4,809	65,250
Intangible assets	13,707	14,532
Investments accounted for using equity method	547	473
Financial assets	12,131	8,921
Deferred tax assets	24,131	24,432
Other non-current assets	15,772	15,166
Total non-current assets	<u>371,730</u>	<u>465,193</u>
Total assets	<u><u>1,094,469</u></u>	<u><u>1,167,864</u></u>

(Yen in Millions)

	March 31, 2022	December 31, 2022
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	102,798	107,479
Bonds and borrowings	241	284
Income tax payables	18,138	24,220
Other financial liabilities	19,979	18,853
Other current liabilities	67,330	51,958
Subtotal	208,489	202,797
Liabilities directly associated with assets classified as held for sale	-	1,573
Total current liabilities	208,489	204,370
Non-current liabilities		
Other financial liabilities	16,941	16,408
Defined benefit liabilities	44,125	45,414
Deferred tax liabilities	326	1,338
Other non-current liabilities	2,480	2,953
Total non-current liabilities	63,873	66,114
Total liabilities	272,363	270,485
(Equity)		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	49,992	50,047
Retained earnings	705,910	768,837
Treasury stock	-9,771	-9,625
Other components of equity	48,276	60,381
Total equity attributable to owners of the parent company	821,192	896,424
Non-controlling interests	913	955
Total equity	822,105	897,379
Total liabilities and equity	1,094,469	1,167,864

(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, 2021 (April 1, 2021 through December 31, 2021)	Third quarter ended December 31, 2022 (April 1, 2022 through December 31, 2022)
Revenue	646,271	738,979
Cost of sales	414,670	454,360
Gross profit	231,600	284,619
Selling, general and administrative expenses	96,578	110,485
Research and development expenses	27,498	30,718
Other income	4,753	4,206
Other expenses	3,942	9,903
Operating income	108,334	137,718
Financial income	1,413	1,070
Financial expenses	1,132	1,433
Equity in profits (losses) of affiliates	54	42
Income before income taxes	108,669	137,397
Income tax expenses	30,692	41,559
Net income	77,976	95,838
Net income attributable to:		
Owners of the parent company	77,898	95,766
Non-controlling interests	78	72
Total	77,976	95,838
Earnings per share attributable to owners of the parent company		
Basic earnings per share (Yen)	526.37	646.94
Diluted earnings per share (Yen)	526.10	646.69

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	Third quarter ended December 31, 2021 (April 1, 2021 through December 31, 2021)	Third quarter ended December 31, 2022 (April 1, 2022 through December 31, 2022)
Net income	77,976	95,838
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	124	-123
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	11,723	15,478
Net gain (loss) in fair value of cash flow hedges	-0	2,212
Share of other comprehensive income of associates accounted for using equity method	2	-0
Total other comprehensive income	11,850	17,566
Total comprehensive income	89,827	113,405
Total comprehensive income attributable to:		
Owners of the parent company	89,746	113,334
Non-controlling interests	81	71
Total	89,827	113,405

(3) Quarterly consolidated statements of changes in equity

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

For the third quarter ended December 31, 2022 (April 1, 2022 through December 31, 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	-	-	95,766	-	-	95,766	72	95,838
Other comprehensive income	-	-	-	-	17,567	17,567	-0	17,566
Total comprehensive income	-	-	95,766	-	17,567	113,334	71	113,405
Share-based payment transactions	-	-21	-	-	-49	-70	-	-70
Dividends	-	-	-34,046	-	-	-34,046	-29	-34,075
Changes in treasury stock	-	75	-	145	-	220	-	220
Transfer from other components of equity to retained earnings	-	-	1,207	-	-1,207	-	-	-
Transfer from other components of equity to non-financial assets	-	-	-	-	-4,206	-4,206	-	-4,206
Total transactions with owners	-	54	-32,838	145	-5,463	-38,102	-29	-38,131
Balance as of December 31, 2022	26,783	50,047	768,837	-9,625	60,381	896,424	955	897,379

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	Third quarter ended December 31, 2021 (April 1, 2021 through December 31, 2021)	Third quarter ended December 31, 2022 (April 1, 2022 through December 31, 2022)
Cash flows from operating activities		
Income before income taxes	108,669	137,397
Depreciation and amortization	37,320	42,231
Impairment losses	1,198	3,447
Increase (decrease) in defined benefit liabilities	1,656	1,621
Decrease (increase) in trade and other receivables	-9,682	12,777
Decrease (increase) in inventories	-11,013	-9,762
Increase (decrease) in trade and other payables	-452	-402
Increase (decrease) in advances received	8,991	-15,342
Interest and dividend income	441	736
Interest expenses paid	-383	-443
Income taxes (paid) refunded	-26,633	-35,394
Others	-6,770	-3,650
Net cash provided by (used in) operating activities	103,341	133,216
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-43,274	-50,653
Proceeds from sale of property, plant and equipment and intangible assets	753	331
Decrease (increase) in time deposits	232	633
Purchase of investment securities	-594	-48
Proceeds from sale of investment securities	764	2,566
Purchase of shares of subsidiaries and associates	-269	-
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-95,411
Others	981	51
Net cash provided by (used in) investing activities	-41,406	-142,529
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-305	41
Repayment of finance lease obligations	-4,143	-4,324
Decrease (increase) in treasury stock	-0	-2
Cash dividends paid	-31,076	-34,046
Others	-23	-36
Net cash provided by (used in) financing activities	-35,550	-38,368
Effect of exchange rate changes on cash and cash equivalents	4,133	3,802
Cash and cash equivalents included in assets held for sale	-	-1,030
Net increase (decrease) in cash and cash equivalents	30,517	-44,909
Cash and cash equivalents at the beginning of the period	300,888	362,046
Cash and cash equivalents at the end of the period	331,406	317,137

(Segment information)

Information regarding revenue, income or loss by segments

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

(Yen in Millions)

	Industrial Tape	Optronics	Human Life	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	238,562	343,344	63,527	-	645,435	835	646,271
Inter-segment revenue	2,516	5,728	6,306	-	14,551	-14,551	-
Total segment revenue	241,079	349,072	69,834	-	659,987	-13,715	646,271
Operating income (loss)	29,895	74,076	10,663	-4,746	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							108,669

(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 third quarter ended December 31, 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

Third quarter ended December 31, 2022 (April 1, 2022 through December 31, 2022)

(Yen in Millions)

	Industrial Tape	Optronics	Human Life	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	258,584	384,066	95,456	4	738,112	867	738,979
Inter-segment revenue	3,681	9,917	7,316	-	20,914	-20,914	-
Total segment revenue	262,265	393,984	102,772	4	759,027	-20,047	738,979
Operating income (loss)	24,518	114,508	6,544	-4,232	141,339	-3,621	137,718
Financial income							1,070
Financial expenses							-1,433
Equity in profits (losses) of affiliates							42
Income before income taxes							137,397

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