

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

Listed company name: **Nitto Denko Corporation**
 Stock exchange listing: Tokyo Stock Exchange, Prime Market
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Filing date of quarterly financial statements: July 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 first quarter ended June 30, 2022 (April 1, 2022 through June 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 quarter ended June 30, 2022 | 216,368 | 6.2 | 38,520 | 29.6 | 38,674 | 30.5 | 26,458 | 26.8 | 26,439 | 26.8 | 61,159 | 169.2 |
| First quarter ended June 30, 2021 | 203,715 | 24.7 | 29,720 | 70.4 | 29,643 | 72.0 | 20,870 | 73.2 | 20,844 | 73.2 | 22,716 | 100.9 |

| | Basic earnings per share | | Diluted earnings per share | |
|-----------------------------------|--------------------------|--|----------------------------|--|
| | Yen | | Yen | |
| First quarter ended June 30, 2022 | 178.63 | | 178.55 | |
| First quarter ended June 30, 2021 | 140.87 | | 140.80 | |

(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 | % |
| June 30, 2022 | 1,142,860 | 862,794 | 861,888 | 75.4 |
| 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 | - | | | | |
| March, 2023 (Forecast) | | 120.00 | - | 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 |
| First half | 490,000 | 15.0 | 95,000 | 30.5 | 95,000 | 30.8 | 68,000 | 30.3 | 68,000 | 30.4 | 459.42 |
| 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: Yes

- Others

(1) Changes in significant subsidiaries during the first quarter ended June 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)

| | |
|----------------------------|-----------------------------|
| June 30, 2022: 149,758,428 | March 31, 2022: 149,758,428 |
|----------------------------|-----------------------------|
2. Number of treasury stock at the end of the period

| | |
|--------------------------|---------------------------|
| June 30, 2022: 1,744,811 | March 31, 2022: 1,744,778 |
|--------------------------|---------------------------|
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)

| | |
|------------------------------|------------------------------|
| April-June 2022: 148,013,617 | April-June 2021: 147,970,047 |
|------------------------------|------------------------------|

- 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 6 of the Attachment to this summary of consolidated financial results.

(Attached Documents)

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1. Qualitative Information Regarding Quarterly Settlement of Accounts

(1) Explanation of operating results

During the first quarter of the fiscal year ending March 31, 2023 (April 1, 2022 through June 30, 2022), the economic environment was characterized by further price rising in energy, primary commodities, triggered by Russia's military invasion of Ukraine, and the inflation was accelerating worldwide. The U.S., which preceded the response to inflation, is experiencing a pace of monetary tightening, and as a result, the interest rate differential between Japan and the U.S. widened and the yen depreciated more than expected. In China, economic activities were suspended due to strict epidemic control measures, including lockdowns, to control the spread of COVID-19. In addition, the pace of growth in the global economy is slowing rapidly, and uncertainty is increasing.

In the electronics market under this economic environment, sales of CIS (circuit integrated suspension) for data centers, and high-precision circuits for high-end smartphones grew. In the nucleic acid drug market, demand for immunologic adjuvants for vaccines increased in line with the expansion of COVID-19.

In response to COVID-19, Nitto Group (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 first quarter ended June 30, 2022 was 126.0 yen to the dollar, a 15.7% depreciation of the yen compared with the same period of the previous year, and the effect of the weaker yen was to increase operating income by 14.5 billion yen.

As a result of the above, revenue increased by 6.2% from the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 216,368 million yen. Operating income increased by 29.6% to 38,520 million yen, income before income taxes increased by 30.5% to 38,674 million yen, net income increased by 26.8% to 26,458 million yen, and net income attributable to owners of the parent company increased by 26.8% to 26,439 million yen.

Summary of results by segment

① Industrial Tape

For Functional Base Products, sales increased compared to the same period of the previous year. Demand for bonding materials for assembly of high-end smartphones increased due to the movement of customers to secure parts and materials for the production of the current fiscal year's models. In addition, production of semiconductors used in PCs and data centers increased, and thus demands for process materials used to manufacture the products also increased. On the other hand, demand for automotive materials and general industrial materials declined due to a decrease in production of automobiles and consumer electronics in China. Also, the Group was affected by rising raw material prices and transportation costs due to rising crude oil prices.

As a result of the above, revenue increased by 1.3% to 83,626 million yen and operating income decreased by 21.7% to 8,394 million yen.

② Optronics

In Information Fine Materials, revenue did not reach the level of the same period of the previous year. Optical films for smartphones, laptops, and tablet devices were affected by lockdowns due to the spread of COVID-19, which restricted production at the Group's base in China. Meanwhile, the Group minimized the impact by continuing production using the "closed loop" method, which shuts off external contact, and by promoting alternative production at other sites.

In Flexible Printed Circuits, sales increased compared to the same period of the previous year. Demand for circuit materials of CIS increased with an increase in manufacturing of hard disk drives (HDDs) used in data centers with high capacities. The number of models adopting the high-precision circuits for high-end smartphones has expanded from the same period of the previous year, that contributed significantly to the business performance.

As a result of the above, revenue increased by 4.4% to 111,432 million yen and operating income increased by 48.2% to 25,669 million yen.

③ Human Life

In Life Science, sales increased from the same period of the previous year. With the worldwide vaccination of COVID-19, sales of immunologic adjuvants for COVID-19 vaccine grew in the oligonucleotide contract manufacturing business. Demand for polymer beads for nucleic acid synthesis (NittoPhase™) also increased in the growing market of nucleic acid drugs. In medical products, demand for surgical tapes and transdermal patches recovered from the impact of 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.

As a result of the above, revenue increased by 36.2% to 25,786 million yen and operating income increased by 41.5% to 4,961 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™, aiming for early mass production.

As a result of the above, revenue amounted to 0 million yen (no revenue was reported in the same period of the previous year), and operating loss amounted to 1,382 million yen. (operating loss of 1,361 million yen was reported in the same period of the previous year)

(Reference) Segment Information

(Yen in Millions)

| | | First quarter ended June 30, 2021 (April 1, 2021 through June 30, 2021) | First quarter ended June 30, 2022 (April 1, 2022 through June 30, 2022) | |
|-----------------------|----------------------------|---|---|-----------|
| | | Revenue | Revenue | Y-o-Y (%) |
| Industrial Tape | Revenue | 82,542 | 83,626 | 101.3 |
| | Operating income | 10,717 | 8,394 | 78.3 |
| Optronics | Information Fine Materials | 89,163 | 84,804 | 95.1 |
| | Flexible Printed Circuits | 17,563 | 26,627 | 151.6 |
| | Total | 106,727 | 111,432 | 104.4 |
| | Operating income | 17,315 | 25,669 | 148.2 |
| Human Life | Life Science | 11,901 | 17,945 | 150.8 |
| | Membrane | 7,037 | 7,840 | 111.4 |
| | Total | 18,939 | 25,786 | 136.2 |
| | Operating income | 3,504 | 4,961 | 141.5 |
| Others | Revenue | - | 0 | - |
| | Operating income | -1,361 | -1,382 | - |
| Corporate/Elimination | Revenue | -4,493 | -4,477 | - |
| | Operating income | -457 | 877 | - |
| Total | Revenue | 203,715 | 216,368 | 106.2 |
| | Operating income | 29,720 | 38,520 | 129.6 |

(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”. Such changes have also been reflected in the figures for the first quarter ended June 30, 2021.

Forecasts of fiscal year ending March 31, 2023

| | | Revenue | Y-o-Y (%) |
|-----------------------|----------------------------|---------|-----------|
| Industrial Tape | Revenue | 345,000 | 108.0 |
| | Operating income | 41,500 | 109.8 |
| Optronics | Information Fine Materials | 370,000 | 101.7 |
| | Flexible Printed Circuits | 115,000 | 120.0 |
| | Total | 485,000 | 105.5 |
| | Operating income | 119,000 | 123.2 |
| Human Life | Life Science | 60,000 | 115.5 |
| | Membrane | 29,500 | 106.5 |
| | Personal Care Materials | 53,500 | 426.4 |
| | Total | 143,000 | 155.1 |
| | Operating income | 11,000 | 152.1 |
| Others | Revenue | 0 | - |
| | Operating income | -6,500 | - |
| Corporate/Elimination | Revenue | -18,000 | - |
| | Operating income | -5,000 | - |
| Total | Revenue | 955,000 | 111.9 |
| | Operating income | 160,000 | 121.0 |

(Note) Some changes have been made to reporting segments as follows.

1. The personal care components business of Mondi, acquired in the first quarter of FY2022, will be newly established as “Personal Care Materials” in the “Human Life”.
2. Certain related businesses has been transferred from “Industrial Tape” to “Personal Care Materials”.

(2) Explanation of financial position

The Group’s financial position at the end of the first 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 48,391 million yen to 1,142,860 million yen and total liabilities increased by 7,702 million yen to 280,065 million yen. Total equity increased by 40,688 million yen to 862,794 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 75.4% at the end of the first quarter of the fiscal year ending March 31, 2023.

The main changes in assets were a decrease in cash and cash equivalents of 98,022 million yen, an increase in trade and other receivables of 9,301 million yen, an increase in inventories of 28,328 million yen, a decrease in other financial assets of 2,300 million yen, an increase in other current assets of 7,286 million yen, an increase in property, plant and equipment of 37,031 million yen, an increase in right-of-use assets of 1,816 million yen, an increase in goodwill of 60,532 million yen, an increase in deferred tax assets of 3,800 million yen. In terms of liabilities, trade and other payables increased by 8,728 million yen, income tax payables decreased by 3,593 million yen, other current financial liabilities increased by 1,418 million yen, other current liabilities decreased by 2,121 million yen, deferred tax liabilities increased by 1,144 million yen.

(3) Explanation of forecasts and other projections

While there are concerns about further lockdowns in China and the ongoing inflation and recession in countries around the world, the trend toward a carbon-free society is expected to accelerate. At the same time, the need for products and services that are friendly to the earth and humanity is expected to increase, as mobility, electronic devices, and social infrastructures become more efficient and functional.

The Group completed the acquisition, announced on February 17, 2022, for the shares of 4 companies that consist of Personal Care Components Business of Mondi plc. And on July 1, 2022, the new division named Advanced Film Solutions, taking over the acquired business, started operations. The Group will strive to expand its business in the “Human Life” field considered as one of our priority areas.

Given the circumstances described above, the financial results of the period under review, the level of exchange rates and other factors, the full-year forecasts of the fiscal year ending March 31, 2023 were revised.

Revision of consolidated forecasts for the cumulative second quarter ending September 30, 2022 (April 1, 2022 through September 30, 2022)

| | 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 |
| Previous forecast (A) | 440,000 | 75,000 | 75,000 | 53,000 | 53,000 | 358.08 |
| Revised forecast (B) | 490,000 | 95,000 | 95,000 | 68,000 | 68,000 | 459.42 |
| Difference (B) – (A) | 50,000 | 20,000 | 20,000 | 15,000 | 15,000 | - |
| Rate of change (%) | 11.4 | 26.7 | 26.7 | 28.3 | 28.3 | - |
| (Reference) Consolidated financial results of the cumulative second quarter ended September 30, 2022 | 425,951 | 72,808 | 72,648 | 52,189 | 52,138 | 352.32 |

Revision of consolidated forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 through March 31, 2023)

| | 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 |
| Previous forecast (A) | 880,000 | 140,000 | 140,000 | 100,000 | 100,000 | 675.61 |
| Revised forecast (B) | 955,000 | 160,000 | 160,000 | 115,000 | 115,000 | 776.96 |
| Difference (B) – (A) | 75,000 | 20,000 | 20,000 | 15,000 | 15,000 | - |
| Rate of change (%) | 8.5 | 14.3 | 14.3 | 15.0 | 15.0 | - |
| (Reference) Consolidated financial results for the fiscal year ended March 31, 2022 | 853,448 | 132,260 | 132,378 | 97,234 | 97,132 | 656.31 |

The above results and forecasts are forward-looking statements determined by the Company based on currently available information that may include risks and uncertainties. Please be aware that actual results may vary significantly due to various factors.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

| | March 31, 2022 | June 30, 2022 |
|---|-------------------------|-------------------------|
| (Assets) | | |
| Current assets | | |
| Cash and cash equivalents | 362,046 | 264,024 |
| Trade and other receivables | 206,084 | 215,386 |
| Inventories | 128,318 | 156,646 |
| Other financial assets | 4,939 | 2,639 |
| Other current assets | 21,349 | 28,635 |
| Total current assets | <u>722,738</u> | <u>667,331</u> |
| Non-current assets | | |
| Property, plant and equipment | 286,949 | 323,981 |
| Right-of-use assets | 13,681 | 15,498 |
| Goodwill | 4,809 | 65,342 |
| Intangible assets | 13,707 | 14,411 |
| Investments accounted for using equity method | 547 | 452 |
| Financial assets | 12,131 | 12,136 |
| Deferred tax assets | 24,131 | 27,931 |
| Other non-current assets | 15,772 | 15,775 |
| Total non-current assets | <u>371,730</u> | <u>475,528</u> |
| Total assets | <u><u>1,094,469</u></u> | <u><u>1,142,860</u></u> |

(Yen in Millions)

| | March 31, 2022 | June 30, 2022 |
|---|----------------|---------------|
| Liabilities and equity | | |
| (Liabilities) | | |
| Current liabilities | | |
| Trade and other payables | 102,798 | 111,527 |
| Bonds and borrowings | 241 | 243 |
| Income tax payables | 18,138 | 14,545 |
| Other financial liabilities | 19,979 | 21,397 |
| Other current liabilities | 67,330 | 65,209 |
| Total current liabilities | 208,489 | 212,924 |
| Non-current liabilities | | |
| Other financial liabilities | 16,941 | 17,742 |
| Defined benefit liabilities | 44,125 | 44,652 |
| Deferred tax liabilities | 326 | 1,471 |
| Other non-current liabilities | 2,480 | 3,275 |
| Total non-current liabilities | 63,873 | 67,141 |
| Total liabilities | 272,363 | 280,065 |
| (Equity) | | |
| Equity attributable to owners of the parent company | | |
| Share capital | 26,783 | 26,783 |
| Capital surplus | 49,992 | 49,992 |
| Retained earnings | 705,910 | 716,067 |
| Treasury stock | -9,771 | -9,771 |
| Other components of equity | 48,276 | 78,815 |
| Total equity attributable to owners of the parent company | 821,192 | 861,888 |
| Non-controlling interests | 913 | 906 |
| Total equity | 822,105 | 862,794 |
| Total liabilities and equity | 1,094,469 | 1,142,860 |

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

(Yen in Millions)

| | First quarter ended June 30, 2021 (April 1, 2021 through June 30, 2021) | First quarter ended June 30, 2022 (April 1, 2022 through June 30, 2022) |
|---|---|---|
| Revenue | 203,715 | 216,368 |
| Cost of sales | 135,848 | 135,190 |
| Gross profit | 67,867 | 81,178 |
| Selling, general and administrative expenses | 29,708 | 33,650 |
| Research and development expenses | 9,038 | 9,748 |
| Other income | 1,299 | 1,503 |
| Other expenses | 699 | 762 |
| Operating income | 29,720 | 38,520 |
| Financial income | 216 | 858 |
| Financial expenses | 307 | 722 |
| Equity in profits (losses) of affiliates | 14 | 18 |
| Income before income taxes | 29,643 | 38,674 |
| Income tax expenses | 8,772 | 12,215 |
| Net income | 20,870 | 26,458 |
| Net income attributable to: | | |
| Owners of the parent company | 20,844 | 26,439 |
| Non-controlling interests | 26 | 19 |
| Total | 20,870 | 26,458 |
| Earnings per share attributable to owners of the parent company | | |
| Basic earnings per share (Yen) | 140.87 | 178.63 |
| Diluted earnings per share (Yen) | 140.80 | 178.55 |

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

| | First quarter ended June 30, 2021 (April 1, 2021 through June 30, 2021) | First quarter ended June 30, 2022 (April 1, 2022 through June 30, 2022) |
|---|---|---|
| Net income | 20,870 | 26,458 |
| 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 | 50 | -132 |
| Items that will be reclassified to profit or loss | | |
| Exchange differences on translating foreign operations | 1,790 | 32,618 |
| Net gain (loss) in fair value of cash flow hedges | 3 | 2,211 |
| Share of other comprehensive income of associates accounted for using equity method | 0 | 2 |
| Total other comprehensive income | 1,845 | 34,700 |
| Total comprehensive income | 22,716 | 61,159 |
| Total comprehensive income attributable to: | | |
| Owners of the parent company | 22,689 | 61,136 |
| Non-controlling interests | 26 | 22 |
| Total | 22,716 | 61,159 |

(3) Quarterly consolidated statements of changes in equity

For the first quarter ended June 30, 2021 (April 1, 2021 through June 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 | - | - | 20,844 | - | - | 20,844 | 26 | 20,870 |
| Other comprehensive income | - | - | - | - | 1,844 | 1,844 | 0 | 1,845 |
| Total comprehensive income | - | - | 20,844 | - | 1,844 | 22,689 | 26 | 22,716 |
| Share-based payment transactions | - | -69 | - | - | 50 | -18 | - | -18 |
| Dividends | - | - | -14,796 | - | - | -14,796 | -20 | -14,816 |
| Changes in treasury stock | - | -2 | - | 72 | - | 69 | - | 69 |
| Total transactions with owners | - | -72 | -14,796 | 72 | 50 | -14,745 | -20 | -14,765 |
| Balance as of June 30, 2021 | 26,783 | 49,998 | 641,965 | -9,966 | 15,032 | 723,812 | 824 | 724,637 |

For the first quarter ended June 30, 2022 (April 1, 2022 through June 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 | - | - | 26,439 | - | - | 26,439 | 19 | 26,458 |
| Other comprehensive income | - | - | - | - | 34,697 | 34,697 | 3 | 34,700 |
| Total comprehensive income | - | - | 26,439 | - | 34,697 | 61,136 | 22 | 61,159 |
| Share-based payment transactions | - | - | - | - | 47 | 47 | - | 47 |
| Dividends | - | - | -16,281 | - | - | -16,281 | -29 | -16,311 |
| Changes in treasury stock | - | - | - | -0 | - | -0 | - | -0 |
| Transfer from other components of equity to non-financial assets | - | - | - | - | -4,206 | -4,206 | - | -4,206 |
| Total transactions with owners | - | - | -16,281 | -0 | -4,159 | -20,440 | -29 | -20,470 |
| Balance as of June 30, 2022 | 26,783 | 49,992 | 716,067 | -9,771 | 78,815 | 861,888 | 906 | 862,794 |

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

| | First quarter ended June 30, 2021 (April 1, 2021 through June 30, 2021) | First quarter ended June 30, 2022 (April 1, 2022 through June 30, 2022) |
|--|---|---|
| Cash flows from operating activities | | |
| Income before income taxes | 29,643 | 38,674 |
| Depreciation and amortization | 12,011 | 13,186 |
| Impairment losses | 29 | 77 |
| Increase (decrease) in defined benefit liabilities | 421 | 526 |
| Decrease (increase) in trade and other receivables | -2,240 | 11,066 |
| Decrease (increase) in inventories | -4,409 | -12,234 |
| Increase (decrease) in trade and other payables | 874 | 3,203 |
| Increase (decrease) in advances received | -471 | -6,660 |
| Interest and dividend income | 206 | 194 |
| Interest expenses paid | -196 | -156 |
| Income taxes (paid) refunded | -12,205 | -17,181 |
| Others | -8,967 | -9,415 |
| Net cash provided by (used in) operating activities | 14,696 | 21,280 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment and intangible assets | -12,120 | -15,812 |
| Proceeds from sale of property, plant and equipment and intangible assets | 204 | 133 |
| Decrease (increase) in time deposits | 52 | -366 |
| Purchase of investment securities | -571 | -12 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | - | -95,411 |
| Others | 469 | 4 |
| Net cash provided by (used in) investing activities | -11,965 | -111,464 |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | -357 | 1 |
| Repayment of finance lease obligations | -1,614 | -1,676 |
| Decrease (increase) in treasury stock | - | -0 |
| Cash dividends paid | -14,796 | -16,281 |
| Others | -26 | -35 |
| Net cash provided by (used in) financing activities | -16,794 | -17,991 |
| Effect of exchange rate changes on cash and cash equivalents | 407 | 10,153 |
| Net increase (decrease) in cash and cash equivalents | -13,655 | -98,022 |
| Cash and cash equivalents at the beginning of the period | 300,888 | 362,046 |
| Cash and cash equivalents at the end of the period | 287,233 | 264,024 |

(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 quarter ended June 30, 2021 (April 1, 2021 through June 30, 2021)

(Yen in Millions)

| | Industrial Tape | Optronics | Human Life | Others | Total | Adjustment | Quarterly consolidated statements of income |
|--|-----------------|-----------|------------|--------|---------|------------|---|
| Revenue from outside customers | 81,845 | 104,784 | 16,845 | - | 203,474 | 241 | 203,715 |
| Inter-segment revenue | 697 | 1,943 | 2,094 | - | 4,734 | -4,734 | - |
| Total segment revenue | 82,542 | 106,727 | 18,939 | - | 208,208 | -4,493 | 203,715 |
| Operating income (loss) | 10,717 | 17,315 | 3,504 | -1,361 | 30,177 | -457 | 29,720 |
| Financial income | | | | | | | 216 |
| Financial expenses | | | | | | | -307 |
| Equity in profits (losses) of affiliates | | | | | | | 14 |
| Income before income taxes | | | | | | | 29,643 |

(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”. Such changes have also been reflected in the figures for the first quarter ended June 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) |
| Others | New Business, Other Products |

First quarter ended June 30, 2022 (April 1, 2022 through June 30, 2022)

(Yen in Millions)

| | Industrial Tape | Optronics | Human Life | Others | Total | Adjustment | Quarterly consolidated statements of income |
|--|-----------------|-----------|------------|--------|---------|------------|---|
| Revenue from outside customers | 82,669 | 109,714 | 23,752 | 0 | 216,136 | 232 | 216,368 |
| Inter-segment revenue | 957 | 1,718 | 2,033 | - | 4,710 | -4,710 | - |
| Total segment revenue | 83,626 | 111,432 | 25,786 | 0 | 220,846 | -4,477 | 216,368 |
| Operating income (loss) | 8,394 | 25,669 | 4,961 | -1,382 | 37,643 | 877 | 38,520 |
| Financial income | | | | | | | 858 |
| Financial expenses | | | | | | | -722 |
| Equity in profits (losses) of affiliates | | | | | | | 18 |
| Income before income taxes | | | | | | | 38,674 |

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) |
| Others | New Business, Other Products |

(Business combination)

First quarter ended June 30, 2021 (April 1, 2021 through June 30, 2021)

Not applicable.

First quarter ended June 30, 2022 (April 1, 2022 through June 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” field, which is one of our priority areas outlined in our strategic 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 first quarter ended June 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 228,458 million yen and 24,948 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 priority fields of next-generation mobility, information interface, and human life through new businesses that utilize data acquired from 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 first quarter ended June 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.

(Significant subsequent events)

Not applicable.