

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
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2. Number of treasury stock at the end of the period

June 30, 2022: 1,744,811	March 31, 2022: 1,744,778
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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
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- 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.