

Preliminary

Summary of Consolidated Financial Statements for the First Quarter Ended June 30, 2024 (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, Senior Executive Vice President, Director of Corporate Accounting & Finance Division
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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 for the three months ended June 30, 2024

 (1) Operating results (% of change from same period in the previous year)

	Revenue		Operating profit		Profit before income taxes		Net profit		Net profit 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	%
For the three months ended June 30, 2024	249,310	19.6	50,696	126.2	50,599	128.2	36,145	137.9	36,128	138.2	70,883	44.2
For the three months ended June 30, 2023	208,455	(3.7)	22,411	(41.8)	22,176	(42.7)	15,191	(42.6)	15,168	(42.6)	49,140	(19.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three months ended June 30, 2024	257.27	257.17
For the three months ended June 30, 2023	105.52	105.48

(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	%
As of June 30, 2024	1,304,340	1,022,558	1,021,529	78.3
As of March 31, 2024	1,251,087	985,048	984,020	78.7

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March, 2024	-	130.00	-	130.00	260.00
March, 2025	-				
(Forecast)		140.00	-	28.00	-
March, 2025					

(Note) 1. Revision of dividend forecast in the current quarter: No

2. The Company resolved at a meeting of its Board of Directors on May 24, 2024, the stock split scheduled to be effective on October 1, 2024 with a record date of September 30, 2024. Each share common stock will be split into five shares. The above annual dividend per share forecast for the fiscal year ending March 31, 2025 is based on a number of shares taking into account the stock split. The total annual dividend per share forecast for the fiscal year ending March 31, 2025 is not presented because the total of the interim dividend and the year-end dividend cannot be calculated due to effect of the stock split. Without taking the stock split into account, the year-end dividend per share forecast for the fiscal year ending March 31, 2025 would be 140 yen and the total annual dividend per share forecast for the fiscal year ending March 31, 2025 would be 280 yen.

3. Forecast for fiscal year ending March 31, 2025

(% of change from same period in the previous year)

	Revenue		Operating profit		Profit before income taxes		Net profit		Net profit 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	%	
First half	523,000	16.4	112,000	73.7	111,900	74.2	80,000	80.7	80,000	80.9	113.93
Annual	982,000	7.3	180,000	29.4	180,000	29.6	130,000	26.5	130,000	26.6	185.14

(Note) 1. Revision of consolidated forecast in the current quarter: Yes

2. The Company resolved at a meeting of its Board of Directors on May 24, 2024, the stock split scheduled to be effective on October 1, 2024 with a record date of September 30, 2024. Each share common stock will be split into five shares. The above basic earnings per share forecast for the fiscal year ending March 31, 2025 is based on the assumption that the stock split is conducted at the beginning of the fiscal year ending March 31, 2025. Without taking the stock split into account, the first half basic earnings per share forecast for the fiscal year ending March 31, 2025 would be 569.67 yen and the annual basic earnings per share forecast for the fiscal year ending March 31, 2025 would be 925.71 yen.

- Others

(1) Significant changes in the scope of consolidation during the period: 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 issued shares (Common stock)

1. Number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024: 143,551,735 As of March 31, 2024: 143,551,735

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

As of June 30, 2024: 3,199,585 As of March 31, 2024: 2,104,272

3. Average number of issued shares during the period (cumulative from the beginning of the period)

April-June 2024: 140,432,117 April-June 2023: 143,748,140

- Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

- 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

(Millions of yen)

		For the three months ended June 30, 2023	For the three months ended June 30, 2024	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	80,693	89,150	110.5
	Operating profit	7,457	11,470	153.8
Optronics	Information Fine Materials	86,645	105,111	121.3
	Circuit Materials	17,718	30,689	173.2
	Total	104,363	135,801	130.1
	Operating profit	20,032	45,444	226.9
Human Life	Life Science	9,140	10,173	111.3
	Membrane	8,294	8,201	98.9
	Personal Care Materials	11,843	13,141	111.0
	Total	29,278	31,517	107.6
	Operating profit	(2,937)	(3,185)	-
Others	Revenue	3	1	30.6
	Operating profit	(1,284)	(1,756)	-
Adjustment	Revenue	(5,884)	(7,159)	-
	Operating profit	(856)	(1,277)	-
Total	Revenue	208,455	249,310	119.6
	Operating profit	22,411	50,696	226.2

Forecasts of fiscal year ending March 31, 2025

		Revenue	Y-o-Y (%)
Industrial Tape	Revenue	369,500	104.9
	Operating profit	50,500	128.6
Optronics	Information Fine Materials	368,500	100.9
	Circuit Materials	124,000	118.6
	Total	492,500	104.8
	Operating profit	145,500	117.4
Human Life	Life Science	50,500	121.7
	Membrane	31,500	96.1
	Personal Care Materials	57,000	113.5
	Total	139,000	111.6
	Operating profit	(500)	-
Others	Revenue	-	-
	Operating profit	(7,500)	-
Adjustment	Revenue	(19,000)	-
	Operating profit	(8,000)	-
Total	Revenue	982,000	107.3
	Operating profit	180,000	129.4

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	342,269	315,782
Trade and other receivables	209,341	233,340
Inventories	136,804	145,936
Other financial assets	5,220	8,462
Other current assets	24,321	35,223
Total current assets	<u>717,957</u>	<u>738,745</u>
Noncurrent assets		
Property, plant and equipment	378,535	399,360
Right-of-use assets	19,321	20,462
Goodwill	66,056	69,833
Intangible assets	20,674	20,796
Investments accounted for using equity method	2,115	8,369
Financial assets	9,192	10,374
Deferred tax assets	20,985	20,196
Other noncurrent assets	16,248	16,200
Total noncurrent assets	<u>533,130</u>	<u>565,594</u>
Total assets	<u><u>1,251,087</u></u>	<u><u>1,304,340</u></u>

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	98,965	106,148
Borrowings	345	338
Income tax payables	13,402	16,535
Other financial liabilities	38,396	40,859
Other current liabilities	55,746	58,431
Total current liabilities	206,856	222,314
Noncurrent liabilities		
Other financial liabilities	20,843	20,633
Defined benefit liabilities	33,130	33,649
Deferred tax liabilities	3,427	3,424
Other noncurrent liabilities	1,779	1,759
Total noncurrent liabilities	59,182	59,467
Total liabilities	266,038	281,781
Equity		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	49,928	49,928
Retained earnings	808,062	825,802
Treasury shares	(23,298)	(38,312)
Other components of equity	122,544	157,327
Total equity attributable to owners of the parent company	984,020	1,021,529
Noncontrolling interests	1,028	1,028
Total equity	985,048	1,022,558
Total liabilities and equity	1,251,087	1,304,340

(2) Quarterly consolidated statement of profit or loss and Quarterly consolidated statement of comprehensive income
 (Quarterly consolidated statement of profit or loss)

(Millions of yen)

	For the three month ended June 30, 2023	For the three month ended June 30, 2024
Revenue	208,455	249,310
Cost of sales	142,362	150,849
Gross profit	66,093	98,460
Selling, general and administrative expenses	35,778	37,194
Research and development expenses	10,864	11,123
Other income	4,841	2,806
Other expenses	1,880	2,251
Operating profit	22,411	50,696
Finance income	424	728
Finance expenses	665	709
Share of profit of investments accounted for using the equity method	5	(115)
Profit before income taxes	22,176	50,599
Income tax expenses	6,985	14,454
Net profit	15,191	36,145
Net profit attributable to:		
Owners of the parent company	15,168	36,128
Noncontrolling interests	22	17
Total	15,191	36,145
Earnings per share attributable to owners of the parent company		
Basic earnings per share (Yen)	105.52	257.27
Diluted earnings per share (Yen)	105.48	257.17

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net profit	15,191	36,145
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net changes on financial assets measured at fair value through other comprehensive income	11	(6)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	33,888	34,539
Net changes in fair value of cash flow hedges	0	(0)
Share of other comprehensive income of investments accounted for using equity method	49	204
Total other comprehensive income	33,949	34,737
Total comprehensive income	49,140	70,883
Total comprehensive income attributable to:		
Owners of the parent company	49,116	70,862
Noncontrolling interests	24	20
Total	49,140	70,883

(3) Quarterly consolidated statement of changes in equity

For the three months ended June 30, 2023

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of April 1, 2023	26,783	50,047	786,269	(27,631)	66,741	902,211	983	903,194
Net profit	-	-	15,168	-	-	15,168	22	15,191
Other comprehensive income	-	-	-	-	33,947	33,947	1	33,949
Total comprehensive income	-	-	15,168	-	33,947	49,116	24	49,140
Share based remuneration transactions	-	(47)	-	-	48	1	-	1
Dividends	-	-	(17,510)	-	-	(17,510)	(28)	(17,538)
Changes in treasury shares	-	(3)	-	(28,064)	-	(28,068)	-	(28,068)
Total transactions with owners	-	(51)	(17,510)	(28,064)	48	(45,577)	(28)	(45,605)
Balance as of June 30, 2023	26,783	49,996	783,928	(55,696)	100,738	905,750	979	906,729

For the three months ended June 30, 2024

(Millions of yen)

	Equity attributable to owners of the parent company						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance as of April 1, 2024	26,783	49,928	808,062	(23,298)	122,544	984,020	1,028	985,048
Net profit	-	-	36,128	-	-	36,128	17	36,145
Other comprehensive income	-	-	-	-	34,733	34,733	3	34,737
Total comprehensive income	-	-	36,128	-	34,733	70,862	20	70,883
Share based remuneration transactions	-	-	-	-	49	49	-	49
Dividends	-	-	(18,388)	-	-	(18,388)	(20)	(18,408)
Changes in treasury shares	-	-	-	(15,014)	-	(15,014)	-	(15,014)
Total transactions with owners	-	-	(18,388)	(15,014)	49	(33,352)	(20)	(33,373)
Balance as of June 30, 2024	26,783	49,928	825,802	(38,312)	157,327	1,021,529	1,028	1,022,558

(4) Quarterly consolidated statement of cash flows

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	22,176	50,599
Depreciation and amortization	14,801	15,839
Impairment losses	47	29
Increase (decrease) in defined benefit liabilities	382	515
Decrease (increase) in trade and other receivables	(11,099)	(14,612)
Decrease (increase) in inventories	2,449	(4,009)
Increase (decrease) in trade and other payables	4,690	5,622
Increase (decrease) in advances received	1,192	2,137
Interest and dividend income	320	619
Interest expenses paid	(124)	(151)
Income taxes (paid) refunded	(18,666)	(10,872)
Others	(4,599)	(14,157)
Net cash provided by (used in) operating activities	11,569	31,559
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(16,785)	(22,662)
Proceeds from sale of property, plant and equipment and intangible assets	20	69
Decrease (increase) in time deposits	33	(2,928)
Purchase of investment securities	(32)	(343)
Purchase of shares of subsidiaries and affiliates	-	(6,256)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,871	-
Others	0	(7)
Net cash provided by (used in) investing activities	(14,892)	(32,130)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(17)	(6)
Repayment of lease liabilities	(2,032)	(2,074)
Decrease (increase) in treasury shares	(28,115)	(15,014)
Cash dividends paid	(17,510)	(18,388)
Others	(33)	(28)
Net cash provided by (used in) financing activities	(47,708)	(35,511)
Effect of exchange rate changes on cash and cash equivalents	7,466	9,595
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance	1,920	-
Net increase (decrease) in cash and cash equivalents	(41,645)	(26,487)
Cash and cash equivalents at the beginning of the period	329,966	342,269
Cash and cash equivalents at the end of the period	288,321	315,782

(Segment information)

(1) Outline of reportable segments

Reportable segments of the Group are determined as segments whose separate financial information is available among the constituent units of the Group and which are regularly used by the Board of Directors, the chief operating decision maker, to determine the allocation of management resources and to evaluate their business results.

The Group has divisions by product, and each division develops comprehensive domestic and overseas strategies for its products and conducts business activities.

The Group's segments are based on three product divisions, and its three reportable segments are the Industrial Tape segment the Optronics segment and the Human Life segment. Each reportable segment is grouped into one operating segment based on similarities in products, markets, and other aspects.

Intersegment revenue is based on prevailing market prices.

Major products for each segment

Operating 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.), Circuits Materials (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 (functional film for hygienic materials, etc.)
Others	New Business, Other Products

(2) Information regarding revenue, profit or loss by segments

Segment information regarding the Group's reportable segments is as follows.

For the three months ended June 30, 2023

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Figures in consolidated statement of income
	Industrial Tape	Optronics	Human Life	Total				
Revenue from external customers	79,508	101,115	27,568	208,192	3	208,196	259	208,455
Intersegment revenue	1,184	3,248	1,710	6,143	-	6,143	(6,143)	-
Total segment revenue	80,693	104,363	29,278	214,336	3	214,340	(5,884)	208,455
Operating profit (loss)	7,457	20,032	(2,937)	24,552	(1,284)	23,268	(856)	22,411
Finance income								424
Finance expenses								(665)
Share of profit of investments accounted for using the equity method								5
Profit before income taxes								22,176

(Note) 1. Others is an operating segment that is not included in the reportable segments and consists of New Business.

2. Adjustment of operating profit (loss) in the amount of (856) million yen includes other incomes (losses) not allocated to each segment.

For the three months ended June 30, 2024

(Millions of yen)

	Reporting segments				Others	Total	Adjustment	Figures in consolidated statements of income
	Industrial Tape	Optronics	Human Life	Total				
Revenue from external customers	87,918	131,833	29,283	249,034	1	249,036	274	249,310
Intersegment revenue	1,231	3,968	2,234	7,433	-	7,433	(7,433)	-
Total segment revenue	89,150	135,801	31,517	256,468	1	256,469	(7,159)	249,310
Operating profit (loss)	11,470	45,444	(3,185)	53,730	(1,756)	51,973	(1,277)	50,696
Finance income								728
Finance expenses								(709)
Share of profit of investments accounted for using the equity method								(115)
Profit before income taxes								50,599

(Note) 1. Others is an operating segment that is not included in the reportable segments and consists of New Business.

2. Adjustment of operating profit (loss) in the amount of (1,277) million yen includes other incomes (losses) not allocated to each segment.