

Preliminary

Summary of Consolidated Financial Statements of Fiscal 2019 (12 Months Ended March 31, 2020 (IFRS Basis))

Listed company name: **Nitto Denko Corporation**
 Stock exchange listing: First Section of Tokyo Stock Exchange
 Code Number: 6988 URL <https://www.nitto.com/>
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Date of the General shareholders' meeting: June 19, 2020
 Estimated starting date of dividend paying: June 22, 2020
 Filing date of financial statements: June 19, 2020
 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 Fiscal 2019 (April 1, 2019 through March 31, 2020)

 (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	%
Fiscal 2019	741,018	-8.1	69,733	-24.8	69,013	-24.9	47,224	-29.1	47,156	-29.2	35,359	-43.0
Fiscal 2018	806,495	-5.9	92,777	-26.2	91,910	-27.2	66,616	-23.8	66,560	-23.8	62,060	-26.0

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent company	Net income to total assets	Operating income to revenue
	Yen	Yen	%	%	%
Fiscal 2019	301.32	301.08	6.8	7.5	9.4
Fiscal 2018	423.50	423.14	9.6	9.9	11.5

(Reference) Equity in earnings of affiliates: (Fiscal 2019) 13 million yen (Fiscal 2018) -144 million yen

(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	Equity attributable to owners of the parent company per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2020	921,900	690,204	689,446	74.8	4,479.29
March 31, 2019	913,418	701,187	700,443	76.7	4,465.70

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal 2019	123,641	-59,991	-51,637	304,922
Fiscal 2018	98,569	-49,955	-58,419	297,682

2. Dividends

Record Date	Dividends per share					Dividends total (Annual)	Dividend payout ratio (Consolidated)	Dividends to equity attributable to owners of the parent company (Consolidated)
	1Q	2Q	3Q	Year-end	Annual			
	yen	yen	yen	yen	yen	Millions of yen	%	%
March, 2019	-	90.00	-	90.00	180.00	28,231	42.5	4.1
March, 2020	-	100.00	-	100.00	200.00	31,081	66.4	4.5
(Forecast) March, 2021	-	-	-	-	-		-	

(Note) The dividends of next fiscal year are undecided since the forecast of whole next fiscal year is difficult to calculate under the influence of COVID-19. However, it is assumed that the dividend payment will be stably continued. The forecast of dividends will be disclosed as soon as it become possible to do so.

3. Forecast of Second Quarter Fiscal 2020 (April 1, 2020 through September 30, 2020)

(% 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	%	
First Quarter	170,000	-4.1	14,000	-5.9	14,000	-5.7	10,000	-2.9	10,000	-2.7	64.97
Second Quarter	350,000	-7.5	35,000	-14.8	35,000	-14.7	25,000	-14.3	25,000	-14.2	162.42

- Others

(1) Changes in significant subsidiaries during this fiscal year: No

(2) Changes in accounting policies applied and changes in accounting estimates

1. Changes in accounting policies required by IFRS: Yes
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)

March, 2020: 158,758,428	March, 2019: 158,758,428
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2. Number of treasury stock at the end of the period

March, 2020: 4,839,755	March, 2019: 1,908,766
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3. Average number of outstanding shares during the period (cumulative from the beginning of the period)

Fiscal 2019: 156,501,732	Fiscal 2018: 157,165,244
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(Reference) Non-consolidated financial results of Fiscal 2019 (April 1, 2019 through March 31, 2020)

(1) Operating results (% of change from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal 2019	470,701	-4.1	42,406	4.1	59,356	-31.5	46,093	-35.9
Fiscal 2018	490,626	-6.4	40,741	-43.3	86,621	-9.5	71,894	-4.7

	Net income per share - Basic	Net income per share - Diluted
	yen	yen
Fiscal 2019	294.52	294.29
Fiscal 2018	457.45	457.05

(2) Financial position

	Total assets	Net assets	Shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	yen
March 31, 2020	679,932	464,800	68.3	3,015.27
March 31, 2019	663,139	466,075	70.2	2,966.81

(Reference) Shareholders' equity: (March 31, 2020) 464,106 million yen (March 31, 2019) 465,343 million yen

- This summary is not subject to audit 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

(Yen in Millions)

		Fiscal 2018 (April 1, 2018 through March 31, 2019)	Fiscal 2019 (April 1, 2019 through March 31, 2020)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional Base Products	194,655	180,575	92.8%
	Transportation	160,622	137,345	85.5%
	Total	355,277	317,921	89.5%
	Operating income	31,081	20,752	66.8%
Optronics	Information Fine Materials	389,372	355,652	91.3%
	Flexible Printed Circuits	40,692	43,289	106.4%
	Total	430,065	398,942	92.8%
	Operating income	61,993	57,067	92.1%
Life Science	Revenue	29,958	27,129	90.6%
	Operating income	1,920	-2,546	-
Others	Revenue	26,326	26,943	102.3%
	Operating income	-1,970	-2,782	-
Corporate/Elimination	Revenue	-35,131	-29,918	-
	Operating income	-247	-2,756	-
Total	Revenue	806,495	741,018	91.9%
	Operating income	92,777	69,733	75.2%

* From the fiscal year 2019, Processing Materials has been transferred from Optronics to Functional Base Products of Industrial Tape. This change has also been reflected in the figures for the fiscal year ended March 31, 2019.

4. Consolidated Financial Statements

(1) Consolidated statements of financial position

(Yen in Millions)

	March 31, 2019	March 31, 2020
(Assets)		
Current assets		
Cash and cash equivalents	297,682	304,922
Trade and other receivables	169,768	154,473
Inventories	93,985	96,124
Other financial assets	412	2,642
Other current assets	19,687	17,893
Total current assets	581,536	576,056
Non-current assets		
Property, plant and equipment	267,133	266,948
Right-of-use assets	-	16,266
Goodwill	6,834	4,852
Intangible assets	12,393	10,198
Investments accounted for using equity method	194	206
Financial assets	8,428	7,242
Deferred tax assets	26,548	25,694
Other non-current assets	10,349	14,434
Total non-current assets	331,882	345,843
Total assets	913,418	921,900

	March 31, 2019	March 31, 2020
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	96,887	90,811
Bonds and borrowings	448	90
Income tax payables	5,073	10,036
Other financial liabilities	21,609	24,050
Other current liabilities	34,458	36,907
Total current liabilities	158,478	161,895
Non-current liabilities		
Other financial liabilities	503	18,976
Defined benefit liabilities	50,320	48,272
Deferred tax liabilities	619	284
Other non-current liabilities	2,309	2,266
Total non-current liabilities	53,752	69,800
Total liabilities	212,231	231,696
(Equity)		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	50,319	50,271
Retained earnings	622,025	643,521
Treasury stock	-11,081	-27,505
Other components of equity	12,395	-3,624
Total equity attributable to owners of the parent company	700,443	689,446
Non-controlling interests	744	757
Total equity	701,187	690,204
Total liabilities and equity	913,418	921,900

(2) Consolidated statements of income and consolidated statements of comprehensive income

(Consolidated statements of income)

(Yen in Millions)

	Fiscal 2018 (April 1, 2018 through March 31, 2019)	Fiscal 2019 (April 1, 2019 through March 31, 2020)
Revenue	806,495	741,018
Cost of sales	564,608	519,090
Gross profit	241,886	221,927
Selling, general and administrative expenses	120,576	111,368
Research and development expenses	31,990	33,765
Other income	8,594	5,423
Other expenses	5,137	12,483
Operating income	92,777	69,733
Financial income	1,195	886
Financial expenses	1,917	1,620
Equity in profits (losses) of affiliates	-144	13
Income before income taxes	91,910	69,013
Income tax expenses	25,293	21,788
Net income	66,616	47,224
Net income attributable to:		
Owners of the parent company	66,560	47,156
Non-controlling interests	56	68
Total	66,616	47,224
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	423.50	301.32
Diluted earnings per share (yen)	423.14	301.08

(Consolidated statements of comprehensive income)

(Yen in Millions)

	Fiscal 2018 (April 1, 2018 through March 31, 2019)	Fiscal 2019 (April 1, 2019 through March 31, 2020)
Net income	66,616	47,224
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	-686	-489
Reevaluation of defined benefit liability	-2,180	3,515
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	-1,807	-14,884
Net gain (loss) in fair value of cash flow hedges	120	0
Share of other comprehensive income of associates accounted for using equity method	-1	-7
Total other comprehensive income	<u>-4,556</u>	<u>-11,864</u>
Total comprehensive income	<u>62,060</u>	<u>35,359</u>
Total comprehensive income attributable to:		
Owners of the parent company	62,009	35,290
Non-controlling interests	51	69
Total	<u>62,060</u>	<u>35,359</u>

(3) Consolidated statements of changes in equity
Fiscal 2018 (April 1, 2018 through March 31, 2019)

(Yen in Millions)

	Equity attributable to owners of the parent company					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity			
Balance as of April 1, 2018	26,783	55,981	665,561	-69,867	14,819	693,278	716	693,995
Cumulative effects of changes in accounting policies	-	-	430	-	-	430	-	430
Adjusted balance	26,783	55,981	665,992	-69,867	14,819	693,709	716	694,426
Net income	-	-	66,560	-	-	66,560	56	66,616
Other comprehensive income	-	-	-	-	-4,550	-4,550	-5	-4,556
Total comprehensive income	-	-	66,560	-	-4,550	62,009	51	62,060
Share-based payment transactions	-	54	-	-	-48	5	-	5
Dividends	-	-	-26,928	-	-	-26,928	-23	-26,951
Changes in treasury stock	-	-5,716	-81,423	58,786	-	-28,353	-	-28,353
Transfers from other components of equity to retained earnings	-	-	-2,176	-	2,176	-	-	-
Total transactions with owners	-	-5,661	-110,527	58,786	2,127	-55,275	-23	-55,299
Balance as of March 31, 2019	26,783	50,319	622,025	-11,081	12,395	700,443	744	701,187

Fiscal 2019 (April 1, 2019 through March 31, 2020)

(Yen in Millions)

	Equity attributable to owners of the parent company					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity			
Balance as of April 1, 2019	26,783	50,319	622,025	-11,081	12,395	700,443	744	701,187
Net income	-	-	47,156	-	-	47,156	68	47,224
Other comprehensive income	-	-	-	-	-11,866	-11,866	1	-11,864
Total comprehensive income	-	-	47,156	-	-11,866	35,290	69	35,359
Share-based payment transactions	-	-37	-	-	-8	-45	-	-45
Dividends	-	-	-29,806	-	-	-29,806	-23	-29,829
Changes in treasury stock	-	-12	-	-16,424	-	-16,437	-	-16,437
Transfers from other components of equity to retained earnings	-	-	4,146	-	-4,146	-	-	-
Additional purchase of shares of consolidated subsidiaries	-	1	-	-	-	1	-32	-30
Total transactions with owners	-	-48	-25,660	-16,424	-4,154	-46,287	-55	-46,343
Balance as of March 31, 2020	26,783	50,271	643,521	-27,505	-3,624	689,446	757	690,204

(4) Consolidated statements of cash flows

(Yen in Millions)

	Fiscal 2018 (April 1, 2018 through March 31, 2019)	Fiscal 2019 (April 1, 2019 through March 31, 2020)
Cash flows from operating activities		
Income before income taxes	91,910	69,013
Depreciation and amortization	45,904	49,390
Impairment losses	41	7,327
Increase (decrease) in defined benefit liabilities	725	2,677
Decrease (increase) in trade and other receivables	23,148	12,805
Decrease (increase) in inventories	362	-5,132
Increase (decrease) in trade and other payables	-14,227	-4,899
Interest and dividend income	1,089	822
Interest expenses paid	-357	-650
Income taxes (paid) refunded	-41,835	-13,332
Others	-8,192	5,619
Net cash provided by (used in) operating activities	98,569	123,641
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-59,628	-59,797
Proceeds from sale of property, plant and equipment and intangible assets	331	1,444
Decrease (increase) in time deposits	6,689	-1,941
Purchase of investment securities	-9	-1,236
Proceeds from sale of investment securities	0	1,531
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	2,634	-
Others	26	7
Net cash provided by (used in) investing activities	-49,955	-59,991
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-374	-336
Repayment of long-term loans payable Others	-3,000	-
Repayment of finance lease obligations	-	-4,735
Decrease (increase) in treasury stock	-28,547	-16,701
Cash dividends paid	-26,928	-29,820
Others	430	-44
Net cash provided by (used in) financing activities	-58,419	-51,637
Effect of exchange rate changes on cash and cash equivalents	-1	-4,771
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance	2,780	-
Net increase (decrease) in cash and cash equivalents	-7,027	7,240
Cash and cash equivalents at the beginning of the period	304,709	297,682
Cash and cash equivalents at the end of the period	297,682	304,922

(Segment information)

Information regarding revenue, income, or loss, assets, liabilities, and other items by segments

Fiscal 2018 (April 1, 2018 through March 31, 2019)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment*	Figures in consolidated statements of income
Revenue from outside customers	335,915	421,210	25,219	23,032	805,378	1,117	806,495
Inter-segment revenue	19,362	8,854	4,738	3,293	36,249	-36,249	-
Total segment revenue	355,277	430,065	29,958	26,326	841,627	-35,131	806,495
Operating income (loss)	31,081	61,993	1,920	-1,970	93,024	-247	92,777
Financial income							1,195
Financial expenses							-1,917
Equity in profits (losses) of affiliates							-144
Income before income taxes							91,910
Segment assets	263,325	424,096	32,096	26,201	745,718	167,700	913,418
Other items:							
Depreciation and amortization	13,243	24,984	1,944	1,281	41,453	4,450	45,904
Increase in property, plant and equipment and intangible assets	24,017	36,073	2,211	2,891	65,193	4,978	70,171

- (Note) 1. -247 million yen in adjustment of total operating income (loss) includes other profits (losses) not allocated to each segment.
 2. 167,700 million yen in adjustment of segment assets includes Cash and cash equivalents, Property, plant and equipment and others not belonging to each business segment.
 3. From the fiscal year 2019, Processing Materials has been transferred from Optronics to Functional Base Products of Industrial Tape. This change has also been reflected in the figures for the fiscal year ended March 31, 2019.

Major products for each segment

Business segment	Major products
Industrial Tape	Functional Base Products (bonding and joining products, protective materials, processing materials etc.), Automotive Products
Optronics	Information Fine Materials, Flexible Printed Circuits
Life Science	Medical Products
Others	Membrane Products, Other Products

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment*	Figures in consolidated statements of income
Revenue from outside customers	302,678	390,905	22,638	23,744	739,967	1,050	741,018
Inter-segment revenue	15,242	8,037	4,490	3,198	30,969	-30,969	-
Total segment revenue	317,921	398,942	27,129	26,943	770,936	-29,918	741,018
Operating income (loss)	20,752	57,067	-2,546	-2,782	72,490	-2,756	69,733
Financial income							886
Financial expenses							-1,620
Equity in profits (losses) of affiliates							13
Income before income taxes							69,013
Segment assets	245,836	437,730	33,931	27,462	744,959	176,941	921,900
Other items:							
Depreciation and amortization	15,915	23,274	2,354	1,642	43,187	6,203	49,390
Impairment losses	4,241	2,398	99	-	6,739	587	7,327
Increase in property, plant and equipment and intangible assets	15,261	30,257	1,937	2,258	49,714	9,216	58,930

(Note) 1. -2,756 million yen in adjustment of total operating income (loss) includes other profits (losses) not allocated to each segment.

2. 176,941 million yen in adjustment of segment assets includes Cash and cash equivalents, Property, plant and equipment and others not belonging to each business segment.

Major products for each segment

Business segment	Major products
Industrial Tape	Functional Base Products (bonding and joining products, protective materials, processing materials etc.), Automotive Products
Optronics	Information Fine Materials, Flexible Printed Circuits
Life Science	Medical Products
Others	Membrane Products, Other Products