

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
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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 First half ending September 30, 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
First half	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

(Note) For details, please refer to “3. Consolidated Financial Statements and Key Notes (5) Notes on consolidated financial statements, (Changes in accounting policies)” on page 13.

(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. For conditions regarding this forecast and precaution for use, please refer to "1. Summary of Operating Results, Etc. (2) Outlook for the fiscal year ending March 31, 2021" on page 5 of the Attachment to this summary of consolidated financial results.

(Attached Documents)

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1. Summary of Operating Results, Etc

(1) Summary of consolidated operating results and financial position during the fiscal year ended March 31, 2020

① Summary of operating results during the fiscal year ended March 31, 2020

Summary of overall business

During the fiscal year ended March 31, 2020, not only US-China trade conflict but also increasing uncertainty over the future of the economy had a negative impact to the entire world economy. GDP growth slowed in US and the demand in Europe was sluggish due to the BREXIT. China faced decreased trade with US and weaker business confidence in manufacturing industry. In the key markets of Nitto Group (the "Group"), the decrease of automobile production became remarkable. Production of smartphone also did not expand, but new change was seen in display. The spread of COVID-19, toward the end of the fiscal year, impacted real economy seriously through outing regulation and logistics stagnation in every area and region of the world. In response to these problems, the Group promotes telework to place top priority on employee safety, and takes measures that meet the request of each government. We temporarily suspended production in China, but have resumed it sequentially since Chinese New Year. However, operations of some of the group companies in US, EMEA, and Asia remained suspended. The effect of COVID-19 was limited to financial results in the fiscal year ended March 31, 2020.

As a result of the above, revenue decreased by 8.1% from the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 741,018 million yen. Operating income decreased by 24.8% to 69,733 million yen, income before income taxes decreased by 24.9% to 69,013 million yen, net income decreased by 29.1% to 47,224 million yen, and net income attributable to owners of the parent company decreased by 29.2% to 47,156 million yen.

Summary of results by segment

(Industrial Tape)

For Functional Base Products, the electronics market was sluggish, there has not been a growth in demands for smartphones and electronic component manufacturing. On the other hand, while the semiconductor market condition was weakened, related materials used in the manufacturing process expanded steadily. To support sales expansion to new regions, we have strengthened our production system for materials of disposable diapers manufactured and developed by the subsidiary in Turkey. The materials are expected to expand their target market and introduce products for adults. The demand for "Organic Solvent-free Double-Coated Adhesive Tape" expanded steadily and we continue our efforts for environmental conservation in manufacturing.

Transportation Business faced sluggish demand because of weak production of automobile in world's major markets such as Europe, US, and China. In addition, over the end of the fiscal year, COVID-19 had an effect such as operation stop of our group plants in Europe, US and Asia.

As a result of the above, revenue decreased by 10.5% to 317,921 million yen and operating income decreased by 33.2% to 20,752 million yen.

(Optronics)

While the smartphone market was sluggish, non-rectangular optical film, accompanying the increasing size of displays, helped Information Fine Materials to remain strong compared to the previous fiscal year. In the TV market, the balance between supply and demand has changed significantly with the expansion of the supply capacity of panel makers. In such economic environment, for this application, we focused on high value-added areas. In addition, the royalty revenue from general purpose polarizing films was partially reported in previous fiscal year and is to be additionally reported in or after next fiscal year.

In Flexible Printed Circuits, production of hard disk drive (HDD) mainly for personal computers was sluggish, however, high-capacity HDD used in data center helped the demand to recover. For applications other than hard disk drives, production of wireless charging system for hearing instruments has begun. We intend to explore new application of high-precision circuits.

COVID-19 impact on this segment was limited in spite of temporarily suspending production in China.

As a result of the above, revenue decreased by 7.2% to 398,942 million yen and operating income decreased by 7.9% to 57,067 million yen.

(Life Science)

During the previous fiscal year, in oligonucleotide contract manufacturing business, the Group recorded a final profit, as a result of our customer's discontinuation of new drug development. Although the sales did not reach the same level of the previous fiscal year, revenue has been in a trend toward recovery, responding to steadily growing nucleic acid drug market needs. Atypical Antipsychotic "LONASEN® Tape", transdermal therapeutic patches developed jointly with Sumitomo Dainippon Pharma Co., Ltd., remained in good shape.

In nucleic acid new drug development, the group continues working on the clinical trials of Idiopathic Pulmonary Fibrosis and intractable cancer drugs.

As a result of the above, revenue decreased by 9.4% to 27,129 million yen and operating loss amounted to 2,546 million yen. (operating income of 1,920 million yen was reported in the same period of the previous year)

(Others)

For Membrane, the demand was steady for seawater desalination and various industrial applications for environmental protection. In energy field, the demand expanded for New Nanofiltration Elements for Oil Field Water Injection. Please note that this segment includes new business that has not generated sufficient revenue yet.

As a result of the above, revenue increased by 2.3% to 26,943 million yen and operating loss amounted to 2,782 million yen. (operating loss of 1,970 million yen was reported in the same period of the previous year)

(Reference) Segment Information

(Yen in Millions)

		Fiscal 2018 (April 1, 2018 through March 31, 2019)	Fiscal 2019 (April 1, 2019 through March 31, 2020)	Y-o-Y (%)
		Revenue	Revenue	
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.

② Summary of consolidated financial position and cash flows for the fiscal year ended March 31, 2020

Cash and cash equivalents (hereinafter referred to as “Cash”) was 304,922 million yen at the end of the fiscal year ended March 31, 2020, an increase of 7,240 million yen from the end of the previous fiscal year. The following are changes in the financial position by each cash flow activity and their factors.

(Cash flow from operating activities)

Cash increased by 123,641 million yen as a result of operating activities (an increase of 98,569 million yen at the end of the previous fiscal year). The main factors responsible for the increase were income before income taxes of 69,013 million yen and depreciation and amortization of 49,390 million yen, while the main offsetting factor was income taxes (paid) refunded of 13,332 million yen.

(Cash flow from investing activities)

Cash decreased by 59,991 million yen as a result of investing activities (a decrease of 49,955 million yen at the end of the previous fiscal year). The main factors responsible for the decrease were the purchase of property, plant and equipment and intangible assets of 59,797 million yen.

(Cash flow from financing activities)

Cash decreased by 51,637 million yen as a result of financing activities (a decrease of 58,419 million yen at the end of the previous fiscal year). The main factors responsible for the decrease were repayment of finance lease obligations of 4,735 million yen, decrease (increase) in treasury stock of 16,701 million yen, cash dividends paid of 29,820 million yen.

Shown below are the changes in the Group’s cash flow indices.

	March 2017	March 2018	March 2019	March 2020
Ratio of equity attributable to owners of the parent company to total assets (%)	74.3	73.9	76.7	74.8
Ratio of equity attributable to owners of the parent company on a market value basis (%)	158.7	136.3	99.9	80.6
Ratio of liabilities with interest to cash flow (year)	0.0	0.0	0.0	0.2
Interest coverage ratio	311.2	292.1	275.8	190.1

(Notes) 1 Each index is calculated using the following formulae based on consolidated financial results.

Ratio of equity attributable to owners of the parent company to total assets (%): $\text{Equity attributable to owners of the parent company} / \text{Total assets}$

Ratio of equity attributable to owners of the parent company on a market value basis (%): $\text{Market capitalization} / \text{Total assets}$

Ratio of liabilities with interest to cash flow (year): $\text{Liabilities with interest} / \text{Cash flow from operating activities}$

Interest coverage ratio: $\text{Cash flow from operating activities} / \text{Interest payment}$

- 2 Market capitalization is calculated by the closing price of the share at the end of the year multiplied by the number of shares issued at the end of the year, after deduction of treasury stock.
- 3 Cash flow from operating activities is used to calculate the Group’s cash flow indices shown above.
- 4 Liabilities with interest represent all liabilities included in the consolidated statements of financial position for which interest is paid.
- 5 Effective the fiscal year ended March 31, 2020, the Company has adopted IFRS 16 "Leases". As a result, a new lease liability has been recorded. In addition, a portion of the lease payments is recorded as interest expense.

(2) Outlook for the fiscal year ending March 31, 2021

During the fiscal year ending March 31, 2021 (April 1, 2020 through March 31, 2021), the global economy is expected to increase uncertainty over the future, due to the economic stagnation under global expansion of COVID-19 and the impact of outing restriction on consumer spending, of which risk estimation quite difficult, along with trade issues and geopolitical risks of foreign countries still existing.

In such economic environment, Nitto Group (the “Group”) is going to create new value through integrating various types of technology and information inside and outside the company. With our “Sanshin-Activities” since our foundation, we are creating new demand through the development of new applications and new products contributing to our customers’ value creation.

For Industrial Tape, in Functional Base Products, the group will implement production system optimization and productivity reform of existing business to enhance competitiveness. We intend to produce new products in the fields that are expected to expand demands for electronic material, semiconductor process material, and electronic process material, led by popularization of 5G and data centers. The impact of COVID-19 may cause great fluctuations to our customer’s inventory. As for Transportation Business, with the expectation of long-term stagnation in production of automobile under the impact of COVID-19, the Group will improve profitability by facilitating global optimization of our supply system, reorganizing current products, and strengthening the competitiveness of existing products. Furthermore, we are going to develop new products for further growth, in car electronics such as electric-powered, self-driving, connected, and sharing, as well as in other field of mobility such as aircrafts.

For Optronics, in Information Fine Materials, although display market is being polarized into commodity and high-end, the Group will brush up its technical capability which is leading the industry to respond to changes in display development. And, we will make effort to solidify business foundation and expand high-profitability business through enhancement of product life cycle management and rationalization. Regarding Flexible Printed Circuits, the Group aims to increase profitability, mainly through expanding market share for hard disk drive (HDD). By utilizing high-precision circuit technology for new demand for smartphone and other applications, as well as by extending production facilities, we continue making effort to establish new growth driver. The needs are expected to grow due to adoption of telework and changes to the communication environment under COVID-19 impact. With grasping these changes steadily, we make effort to address them promptly.

For Life Science, the market of nucleic acid medicine is expected to expand, boosted by new drug approvals as well as increasing number of topics to be examined in late-stage clinical trials. The Group will emphasize manufacturing technologies to expand the market share of contract manufacturing service. In developing new drugs, the Group will expedite research, development, and clinical trial of Idiopathic Pulmonary Fibrosis and intractable cancer drugs as next growth driver. Sales of Atypical Antipsychotic “LONASEN® Tape”, transdermal therapeutic patches, being marketed since September 2019, are to be expanded. Clinical trials may be postponed under the impact of COVID-19.

For Others, the Group will make a progress on rationalization in production process automation and strengthen business infrastructure in Membrane. Then, we will improve profitability, striving for new growth in energy and environmental fields. The group intend immediate realization of mass-producing the products that are still under development such as optical plastic cable.

The forecasts for the consolidated fiscal year ending March 31, 2021, are as follows:

We disclose forecasts for the first quarter ending June 30, 2020 and for the first half ending September 30, 2020, but we cannot determine the consolidated full-year forecasts for the year ending March 31, 2021 due to rational impact estimation of COVID-19 being difficult. The consolidated full-year forecasts are to be disclosed immediately when the figures are determined.

Forecasts for the first quarter ending June 30, 2020 are determined by recent trends of contracts and status of production. Forecasts for the first half ending September 30, 2020 are determined based on demands that are predictable at this point.

Forecasts are subject to change depending on the termination of COVID-19.

First quarter ending June 30, 2020 (April 1, 2020 through June 30, 2020)

Revenue	170,000 million yen (down by 4.1%)
Operating income	14,000 million yen (down by 5.9%)
Income before income taxes	14,000 million yen (down by 5.7%)
Net income	10,000 million yen (down by 2.9%)

First half ending September 30, 2020 (April 1, 2020 through September 30, 2020)

Revenue	350,000 million yen (down by 7.5%)
Operating income	35,000 million yen (down by 14.8%)
Income before income taxes	35,000 million yen (down by 14.7%)
Net income	25,000 million yen (down by 14.3%)

The above up or down is a comparison with the same period of the fiscal year ended March 2020.

(3) Dividend policy and dividends for the current and next fiscal years

The Company's dividend policy is to ensure stable and fair returns to its shareholders. At the same time, it is essential to make proactive prior investments in research and development and production from internal reserves in order to catch up with rapid technological innovation and meet customer demands in a timely manner.

Dividends to shareholders are determined by taking into account various factors, including the investment opportunities in the future, financial position, capital efficiency, profit levels and payout ratio. And uses of internal reserves are also determined by taking into account various factors with regularly level check.

In accordance with the basic policy outlined above, The Company has decided to pay 100 yen per share, which is unchanged from the interim dividend, therefore the full-year total 200 yen per share, an increase of 20 yen from the previous year.

The dividend amount for the next fiscal year cannot be determined due to rational forecasting for the year ending March 31, 2021 being difficult because of COVID-19 impact, however, we intend to maintain stable dividend. Dividend forecast is to be announced immediately when determined.

2. Basic Approach to Selection of Accounting Standards

For the purposes of improving international comparability of financial information and unifying accounting within the Group, the International Financial Reporting Standards (IFRS) has been introduced from the first quarter of the year ended March 2015 in order to prepare consolidated financial statements accordingly.

3. Consolidated Financial Statements and Key Notes

(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	-4,556	-11,864
Total comprehensive income	62,060	35,359
Total comprehensive income attributable to:		
Owners of the parent company	62,009	35,290
Non-controlling interests	51	69
Total	62,060	35,359

(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						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
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						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
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

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

The Group applied IFRS 16 “Lease” (hereinafter called “IFRS 16”) from April 1, 2019 (hereinafter called “The date of initial application”).

IFRS 16 is a revision of existing IAS 17 “Lease” (hereinafter called “IAS 17”) in a lessee of lease transaction, which eliminates the classification between finance leases and operating leases, and stipulates a recognition of a right-of-use asset and a lease liability from the beginning of the lease except the lease in short period (the term is 12 months or less) and a low-value asset.

In adopting IFRS 16, the Group has applied the modified retrospective approach of recognizing the cumulative effect of applying the standard at the date of initial application, which is approved as transitional measures.

And, regarding contracts contain a lease or not, the Group has chosen the practical expedient detailed in IFRS 16 and taken over its assessments on IAS 17 and IFRIC 4 “Determining whether an Arrangement contains a Lease”. Therefore, a recognition of the lease based on IFRS 16 can be applied by concluded or changed contracts after the date of initial application.

(As a lessee)

For leases that the Group previously classified it as operating leases applying IAS 17, the lease liabilities have been measured by the price of remaining lease payments as of a date of initial application discounted using the lessee’s incremental borrowing rate at the date of initial application. The weight average of the lessee’s incremental borrowing rate is 2.4%.

Right-of-use assets are measured by a measured value of lease liabilities at the date of initial application.

And, the following practical expedients are used when the Group applies IFRS 16 to leases previously classified into operating leases under IAS 17.

- A single discount rate is applied to a portfolio of leases with similar characteristics.
- As an alternative of performing an impairment review, right-of-use assets are adjusted by the price of provisions in onerous contracts based on IAS 37 “Provisions, Contingent Liabilities and Contingent Assets” immediately before a date of initial application.
- The exemption not to recognize right-of-use assets and lease liabilities applies to leases that the remaining lease term is 12 months or less.
- Initial direct costs are excluded from the measurement of right-of-use assets at the date of initial application.
- A hindsight is used when determining the lease period on contracts including an option of extension or termination.

For leases that the Group previously classified it as finance leases applying IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application are determined at the carrying amount of the lease asset and lease liability based on IAS 17 immediately before that date.

And, on consolidated statements of financial position, the Group includes lease liabilities on a lessee into “Other current financial liabilities” and “Other non-current financial liabilities”.

(As a lessor)

The Group is not required to make any adjustments on the date of initial application for leases in which it acts as a lessor, except for a sub-lease. For sub-lease, the Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease with reference to the right-of-use asset, not the underlying asset. On the date of initial application, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

And, on consolidated statements of financial position, the Group includes receivables based on finance leases on a lessor in the sub-lease into “Trade and other receivables”, “Other current assets” and “Other non-current assets”.

(Impacts on financial statements)

By applying IFRS 16, assets in total are increased by 27,448 million yen and liabilities in total are increased by 27,448 million yen in the Group on the date of initial application.

And, the detail of difference between the amount of operating lease commitments applied IAS 17 as of the fiscal year ended March 31, 2019 and the amount of lease liabilities at the date of initial application is as below.

(Yen in Millions)

Operating lease commitment at 31 March 2019 current	30,722
Operating lease commitment at 31 March 2019 current (discounted)	28,346
Finance lease liabilities recognized at 31 March 2019	53
Recognition exemption (short-term leases, leases of low-value assets)	-898
Lease liabilities recognized at 1 April 2019 current	27,501

(Changes in presentation)

"Purchase of investment securities" and "Proceeds from sale of investment securities," which were included in "Others" under "Cash flows from investing activities" in the previous fiscal year, have become more significant in terms of amount, and are therefore presented as independent accounts in the fiscal year under review.

The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, the 17 million yen presented as "Others" under "Cash flows from investing activities" in the consolidated statement of cash flows for the previous fiscal year has been reclassified as "Purchase of investment securities" of -9 million yen, "Proceeds from sale of investment securities" of 0 million yen, and "Others" of 26 million yen.

(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

(Per share information)

Basic earnings per share and diluted earnings per share were calculated on the following basis.

	Fiscal 2018 (April 1, 2018 through March 31, 2019)	Fiscal 2019 (April 1, 2019 through March 31, 2020)
(1) Basic earnings per share	423.50 yen	301.32 yen
(Basis for calculation)		
Net income attributable to owners of the parent company	66,560 million yen	47,156 million yen
Average number of common shares	157,165 thousands of shares	156,501 thousands of shares
(2) Diluted earnings per share	423.14 yen	301.08 yen
(Basis for calculation)		
Increase in number of common stock upon exercise of the stock option	135 thousands of shares	123 thousands of shares

(Notes in cases where there was a substantial change in the amount of shareholders' equity)

Pursuant to the resolution at the Board of Directors meeting of June 21, 2019, the Company has disposed of its treasury shares of 250 million yen as remuneration for restricted shares. Pursuant to the resolution at the Board of Directors meeting of January 27, 2020, the Company has acquired its treasury shares of 16,700 million yen, making the number of treasury shares at the fiscal year ended March 31, 2020 4,839 thousand, or the book balance of 27,505 million yen.

(Impairment losses)

During the fiscal year, Impairment losses were 7,327 million yen, which are included in "Other expenses".

The major factors are as follows.

The recoverable amounts of Property, plant and equipment such as Buildings, Structures and Machinery and equipment, and Intangible assets, which are related to the certain cash-generating units at East Asia of Information Fine Materials business in Optronics business segment became lower than the book balances due to the decline of profitability. The recoverable amounts are measured at fair value, net of disposal costs (the amount expected to be sold), and the hierarchy level of this fair value is Level 3.

In addition, the book balances of Goodwill and Intangible assets related to the certain cash-generating units of Transportation business in Industrial Tape business segment were expected to become unrecoverable since the business environment in Europe deteriorated. The recoverable amounts are measured by the value in use based on the discounted cash flow method and the discount rate is 10.0%.

(Significant subsequent events)

Not applicable.