

Preliminary

Summary of Consolidated Financial Statements for the Third Quarter Ended December 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/>
 Company Representative: Hideo Takasaki, President
 Contact Person: Yasuhiro Iseyama, Senior Vice President, Director of Corporate Accounting & Finance Division
 Phone: +81-6-7632-2101

Filing date of quarterly financial statements: January 28, 2021
 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 third quarter ended December 31, 2020 (April 1, 2020 through December 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	%
Third quarter ended December 31, 2020	566,210	-0.8	75,902	26.1	75,389	25.9	55,158	29.2	55,106	29.2	54,739	53.1
Third quarter ended December 31, 2019	570,735	-9.4	60,196	-28.4	59,870	-28.0	42,704	-29.7	42,657	-29.7	35,762	-38.3

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended December 31, 2020	370.38	370.12
Third quarter ended December 31, 2019	271.91	271.70

(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	%
December 31, 2020	916,660	681,580	680,792	74.3
March 31, 2020	921,900	690,204	689,446	74.8

2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
March, 2020	-	100.00	-	100.00	200.00
March, 2021	-	100.00	-		
March, 2021 (Forecast)				100.00	200.00

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

3. Forecast for fiscal year ending March 31, 2021 (April 1, 2020 through March 31, 2021)

(% 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	%	
Annual	755,000	1.9	90,000	29.1	90,000	30.4	65,000	37.6	65,000	37.8	yen 439.29

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

- Others

(1) Changes in significant subsidiaries during the third quarter ended December 31, 2020: 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)

December 31, 2020: 158,758,428	March 31, 2020: 158,758,428
--------------------------------	-----------------------------
2. Number of treasury stock at the end of the period

December 31, 2020: 10,792,451	March 31, 2020: 4,839,755
-------------------------------	---------------------------
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)

April-December 2020: 148,784,734	April-December 2019: 156,881,817
----------------------------------	----------------------------------

- 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.

(Reference) Segment Information (nine months)

(Yen in Millions)

		Third quarter ended December 31, 2019 (April 1, 2019 through December 31, 2019)	Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional Base Products	137,207	139,308	101.5
	Transportation	106,662	85,833	80.5
	Total	243,869	225,141	92.3
	Operating income	19,671	20,875	106.1
Optronics	Information Fine Materials	277,265	283,220	102.1
	Flexible Printed Circuits	32,454	40,420	124.5
	Total	309,720	323,641	104.5
	Operating income	47,143	62,633	132.9
Life Science	Revenue	20,058	21,389	106.6
	Operating income	-1,914	-1,440	-
Others	Revenue	19,986	17,850	89.3
	Operating income	-1,686	-4,269	-
Corporate/Elimination	Revenue	-22,898	-21,813	-
	Operating income	-3,017	-1,896	-
Total	Revenue	570,735	566,210	99.2
	Operating income	60,196	75,902	126.1

(Note) With the changes in the management structure that have been made during the fiscal year 2020 under review, partial changes have been made to reporting segments.

Such change has also been reflected in the figures for the third quarter ended December 31, 2019.

(Reference) Segment Information (three months)

(Yen in Millions)

		Third quarter ended December 31, 2019 (October 1, 2019 through December 31, 2019)	Third quarter ended December 31, 2020 (October 1, 2020 through December 31, 2020)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional Base Products	46,242	51,942	112.3
	Transportation	34,387	35,218	102.4
	Total	80,630	87,160	108.1
	Operating income	6,143	12,404	201.9
Optronics	Information Fine Materials	94,724	99,437	105.0
	Flexible Printed Circuits	11,825	16,489	139.4
	Total	106,550	115,926	108.8
	Operating income	16,182	24,865	153.7
Life Science	Revenue	7,305	7,590	103.9
	Operating income	56	-124	-
Others	Revenue	5,725	6,050	105.7
	Operating income	-838	-1,905	-
Corporate/Elimination	Revenue	-7,762	-8,256	-
	Operating income	-2,449	-1,704	-
Total	Revenue	192,450	208,472	108.3
	Operating income	19,093	33,534	175.6

(Note) With the changes in the management structure that have been made during the fiscal year 2020 under review, partial changes have been made to reporting segments.

Such change has also been reflected in the figures for the third quarter ended December 31, 2019.

Forecasts of fiscal year ending March 31, 2021

		Revenue	Y-o-Y (%)
Industrial Tape	Functional Base Products	183,000	101.0
	Transportation	120,000	87.4
	Total	303,000	95.1
	Operating income	20,000	97.4
Optronics	Information Fine Materials	370,000	104.2
	Flexible Printed Circuits	56,000	129.4
	Total	426,000	107.0
	Operating income	78,500	137.0
Life Science	Revenue	31,000	114.3
	Operating income	500	-
Others	Revenue	23,500	87.2
	Operating income	-5,500	-
Corporate/Elimination	Revenue	-28,500	-
	Operating income	-3,500	-
Total	Revenue	755,000	101.9
	Operating income	90,000	129.1

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	March 31, 2020	December 31, 2020
(Assets)		
Current assets		
Cash and cash equivalents	304,922	271,627
Trade and other receivables	154,473	177,564
Inventories	96,124	97,457
Other financial assets	2,642	1,942
Other current assets	17,893	17,275
Total current assets	<u>576,056</u>	<u>565,867</u>
Non-current assets		
Property, plant and equipment	266,948	268,061
Right-of-use assets	16,266	14,907
Goodwill	4,852	4,560
Intangible assets	10,198	13,377
Investments accounted for using equity method	206	1,067
Financial assets	7,242	9,475
Deferred tax assets	25,694	25,057
Other non-current assets	14,434	14,285
Total non-current assets	<u>345,843</u>	<u>350,793</u>
Total assets	<u><u>921,900</u></u>	<u><u>916,660</u></u>

(Yen in Millions)

	March 31, 2020	December 31, 2020
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	90,811	100,808
Bonds and borrowings	90	155
Income tax payables	10,036	8,722
Other financial liabilities	24,050	17,115
Other current liabilities	36,907	38,160
Total current liabilities	161,895	164,962
Non-current liabilities		
Other financial liabilities	18,976	17,075
Defined benefit liabilities	48,272	50,283
Deferred tax liabilities	284	586
Other non-current liabilities	2,266	2,172
Total non-current liabilities	69,800	70,117
Total liabilities	231,696	235,079
(Equity)		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	50,271	50,094
Retained earnings	643,521	668,471
Treasury stock	-27,505	-60,435
Other components of equity	-3,624	-4,121
Total equity attributable to owners of the parent company	689,446	680,792
Non-controlling interests	757	788
Total equity	690,204	681,580
Total liabilities and equity	921,900	916,660

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

(Quarterly consolidated statements of income)

(Yen in Millions)

	Third quarter ended December 31, 2019 (April 1, 2019 through December 31, 2019)	Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)
Revenue	570,735	566,210
Cost of sales	400,772	385,248
Gross profit	169,963	180,961
Selling, general and administrative expenses	84,150	79,178
Research and development expenses	25,097	26,104
Other income	3,702	3,652
Other expenses	4,221	3,428
Operating income	60,196	75,902
Financial income	692	449
Financial expenses	1,039	986
Equity in profits (losses) of affiliates	21	23
Income before income taxes	59,870	75,389
Income tax expenses	17,165	20,230
Net income	42,704	55,158
Net income attributable to:		
Owners of the parent company	42,657	55,106
Non-controlling interests	47	51
Total	42,704	55,158
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	271.91	370.38
Diluted earnings per share (yen)	271.70	370.12

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	Third quarter ended December 31, 2019 (April 1, 2019 through December 31, 2019)	Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)
Net income	42,704	55,158
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	170	660
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	-7,106	-1,074
Net gain (loss) in fair value of cash flow hedges	-0	-0
Share of other comprehensive income of associates accounted for using equity method	-6	-3
Total other comprehensive income	-6,942	-419
Total comprehensive income	35,762	54,739
Total comprehensive income attributable to:		
Owners of the parent company	35,716	54,686
Non-controlling interests	45	53
Total	35,762	54,739

(3) Quarterly consolidated statements of changes in equity

For the third quarter ended December 31, 2019 (April 1, 2019 through December 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, 2019	26,783	50,319	622,025	-11,081	12,395	700,443	744	701,187
Net income	-	-	42,657	-	-	42,657	47	42,704
Other comprehensive income	-	-	-	-	-6,941	-6,941	-1	-6,942
Total comprehensive income	-	-	42,657	-	-6,941	35,716	45	35,762
Share-based payment transactions	-	-37	-	-	-64	-102	-	-102
Dividends	-	-	-29,806	-	-	-29,806	-23	-29,829
Changes in treasury stock	-	-12	-	275	-	263	-	263
Transfers from other components of equity to retained earnings	-	-	634	-	-634	-	-	-
Additional purchase of shares of consolidated subsidiaries	-	1	-	-	-	1	-32	-30
Total transactions with owners	-	-48	-29,172	275	-698	-29,643	-55	-29,699
Balance as of December 31, 2019	26,783	50,271	635,511	-10,805	4,755	706,516	733	707,250

For the third quarter ended December 31, 2020 (April 1, 2020 through December 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, 2020	26,783	50,271	643,521	-27,505	-3,624	689,446	757	690,204
Net income	-	-	55,106	-	-	55,106	51	55,158
Other comprehensive income	-	-	-	-	-420	-420	1	-419
Total comprehensive income	-	-	55,106	-	-420	54,686	53	54,739
Share-based payment transactions	-	-200	-	-	-45	-245	-	-245
Dividends	-	-	-30,188	-	-	-30,188	-22	-30,211
Changes in treasury stock	-	24	-	-32,930	-	-32,905	-	-32,905
Transfers from other components of equity to retained earnings	-	-	31	-	-31	-	-	-
Total transactions with owners	-	-176	-30,156	-32,930	-76	-63,340	-22	-63,362
Balance as of December 31, 2020	26,783	50,094	668,471	-60,435	-4,121	680,792	788	681,580

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	Third quarter ended December 31, 2019 (April 1, 2019 through December 31, 2019)	Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)
Cash flows from operating activities		
Income before income taxes	59,870	75,389
Depreciation and amortization	36,993	35,827
Impairment losses	107	436
Increase (decrease) in defined benefit liabilities	2,369	1,945
Decrease (increase) in trade and other receivables	-8,822	-22,652
Decrease (increase) in inventories	-1,574	-608
Increase (decrease) in trade and other payables	-796	10,028
Interest and dividend income	696	502
Interest expenses paid	-439	-480
Income taxes (paid) refunded	-11,310	-21,425
Others	-1,118	-416
Net cash provided by (used in) operating activities	75,975	78,547
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-48,245	-44,972
Proceeds from sale of property, plant and equipment and intangible assets	256	302
Decrease (increase) in time deposits	-2,418	839
Purchase of investment securities	-1,236	-334
Proceeds from sale of investment securities	1,531	85
Purchase of shares of subsidiaries and associates	-	-880
Others	-8	0
Net cash provided by (used in) investing activities	-50,119	-44,959
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-73	64
Repayment of finance lease obligations	-3,601	-4,061
Decrease (increase) in treasury stock	-0	-33,310
Cash dividends paid	-29,820	-30,188
Others	-50	-27
Net cash provided by (used in) financing activities	-33,546	-67,522
Effect of exchange rate changes on cash and cash equivalents	-2,349	638
Net increase (decrease) in cash and cash equivalents	-10,040	-33,295
Cash and cash equivalents at the beginning of the period	297,682	304,922
Cash and cash equivalents at the end of the period	287,642	271,627

(Segment information)

Information regarding revenue, income, or loss by segments

Third quarter ended December 31, 2019 (April 1, 2019 through December 31, 2019)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	232,106	303,631	16,581	17,653	569,973	762	570,735
Inter-segment revenue	11,762	6,088	3,477	2,332	23,661	-23,661	-
Total segment revenue	243,869	309,720	20,058	19,986	593,634	-22,898	570,735
Operating income (loss)	19,671	47,143	-1,914	-1,686	63,213	-3,017	60,196
Financial income							692
Financial expenses							-1,039
Equity in profits (losses) of affiliates							21
Income before income taxes							59,870

(Note) With the changes in the management structure that have been made during the fiscal year 2020 under review, partial changes have been made to reporting segments.

Such change has also been reflected in the figures for the third quarter ended December 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

Third quarter ended December 31, 2020 (April 1, 2020 through December 31, 2020)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	213,976	317,108	18,364	16,079	565,528	681	566,210
Inter-segment revenue	11,165	6,532	3,025	1,771	22,495	-22,495	-
Total segment revenue	225,141	323,641	21,389	17,850	588,023	-21,813	566,210
Operating income (loss)	20,875	62,633	-1,440	-4,269	77,798	-1,896	75,902
Financial income							449
Financial expenses							-986
Equity in profits (losses) of affiliates							23
Income before income taxes							75,389

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