

Summary of Consolidated Financial Statements for the Second Quarter Ended September 30, 2023 (IFRS Basis)

Listed company name: **Nitto Denko Corporation**
 Stock exchange listing: Tokyo Stock Exchange, Prime Market
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Filing date of quarterly financial statements: October 30, 2023
 Estimated starting date of dividend paying: November 24, 2023
 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 six months ended September 30, 2023

(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 six months ended September 30, 2023	449,344	(7.3)	64,472	(30.1)	64,240	(30.2)	44,264	(30.2)	44,216	(30.3)	90,958	(17.6)
For the six months ended September 30, 2022	484,909	13.8	92,279	26.7	92,035	26.7	63,442	21.6	63,398	21.6	110,350	98.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the six months ended September 30, 2023	308.88	308.77
For the six months ended September 30, 2022	428.29	428.12

(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 September 30, 2023	1,205,290	944,579	943,572	78.3
As of March 31, 2023	1,153,647	903,194	902,211	78.2

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March, 2023	-	120.00	-	120.00	240.00
March, 2024	-	130.00	-	-	-
March, 2024 (Forecast)	-	-	-	130.00	260.00

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

3. Forecast for the fiscal year ending March 31, 2024

(% 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	%	Yen
Annual	920,000	(1.0)	140,000	(4.9)	140,000	(4.7)	100,000	(8.5)	100,000	(8.4)	698.57

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

- Others

(1) Changes in significant subsidiaries during the second quarter ended September 30, 2023: 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 shares)
As of September 30, 2023: 143,551,735 As of March 31, 2023: 149,758,428
2. Number of treasury shares at the end of the period
As of September 30, 2023: 1,000,129 As of March 31, 2023: 3,840,554
3. Average number of outstanding shares during the period (cumulative from the beginning of the period)
April-September 2023: 143,149,916 April-September 2022: 148,026,050

- These quarterly financial results are not subject to quarterly review procedures by Certified Public Accountants or audit firm.

- Explanations for adequate utilization of the forecast and other special matters

The forward-looking statements shown in this report, including the forecast, are prepared based on information available to the Company and on certain assumptions deemed reasonable as of the issuing date of the report. Consequently, the statements herein do not constitute promises regarding actual results by the Company. Actual results may differ materially from forecasted figures due to various unknown factors. For conditions regarding this forecast and precaution for use, please refer to "1. Qualitative Information Regarding Quarterly Settlement of Accounts (3) Explanation of forecasts and other projections" on page 7 of the Attachment to this summary of consolidated financial results.

(Reference) Consolidated financial results for the three months ended September 30, 2023

(All monetary values noted herein are rounded down to the nearest million yen)

(% 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 Sept. 30, 2023	240,888	(10.3)	42,061	(21.8)	42,064	(21.2)	29,073	(21.4)	29,048	(21.4)	41,817	(15.0)
For the three months ended Sept. 30, 2022	268,540	20.8	53,758	24.8	53,360	24.1	36,984	18.1	36,959	18.1	49,191	49.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three months ended Sept. 30, 2023	203.77	203.70
For the three months ended Sept. 30, 2022	249.66	249.56

(Attached Documents)

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1. Qualitative Information Regarding Quarterly Settlement of Accounts

(1) Explanation of operating results

During the second quarter of the fiscal year ending March 31, 2024 (April 1, 2023 through September 30, 2023), the economic environment saw a further advanced monetary tightening in Europe and the United States as inflation rates remained high. In the United States, consumer spending remained steady against the backdrop of favorable employment situation, and the Federal Reserve Board (FRB) continued to maintain high policy interest rates in an effort to curb inflation. Meanwhile, in China, the pace of recovery in domestic demand, particularly in personal consumption, fell below expectations due to factors such as a weak real estate market. In addition, uncertainty about the economic outlook increased, as evidenced by a slowdown in the growth of the trade balance due to the impact of trade frictions between the United States and China. In Japan, the economy recovered moderately due to an increase in exports, mainly automobiles, and inbound demand. In the foreign exchange market, the yen depreciated further due to the widening of interest rate differentials between Japan and the United States.

In the key markets of Nitto Group (the “Group”) under these circumstances, demand for optical films for virtual reality (VR) and automotive materials increased. On the other hand, demand for products for data centers and optical films for high-end laptops and tablets decreased due to deteriorating market conditions. Demand for products used in the manufacture of semiconductors and electronic equipment remained sluggish despite completing inventory adjustments. In addition, new orders for immunologic adjuvants for COVID-19 vaccines have been suspended since the second quarter of the previous fiscal year.

The yen’s exchange rate against the U.S. dollar for the second quarter ended September 30, 2023, was 139.4 yen to the dollar, a 6.2% depreciation of the yen compared with the same period of the previous year, and the effect of the weaker yen increased operating profit by 9.3 billion yen.

As a result of the above, revenue decreased by 7.3% from the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 449,344 million yen. Operating profit decreased by 30.1% to 64,472 million yen, profit before income taxes decreased by 30.2% to 64,240 million yen, net profit decreased by 30.2% to 44,264 million yen, and net profit attributable to owners of the parent company decreased by 30.3% to 44,216 million yen.

Summary of results by segment

① Industrial Tape

For Functional Base Products, revenue did not reach the level of the same period of the previous year. In materials for assembly of high-end smartphones, revenue decreased, falling short of the same period of the previous year, although a movement toward production of the current year’s model went into full swing. In addition, demand for process materials used in the manufacture of semiconductor memories and ceramic capacitors remained sluggish, despite a gradual recovery trend after bottoming out in the fourth quarter of the previous fiscal year. On the other hand, in automotive materials, excluding the impact of divestment of the NVH (Noise, Vibration, Harshness) business in the first quarter, demand for automotive materials increased as automotive production recovered mainly in Japan and Europe due to the resolution of the semiconductor shortage. As a result of the above, revenue decreased by 0.6% to 171,499 million yen and operating profit increased by 6.1% to 17,622 million yen.

② Optronics

In Information Fine Materials, revenue did not reach the level of the same period of the previous year. Demand for optical films for high-end laptops and tablets decreased due to deterioration of market conditions as stay-at-home demand has ended. On the other hand, for high-end smartphones, demand for OCA (Optical Clear Adhesive) and process protective films, in addition to optical films, remained strong. In addition, mass production of optical films for VR has started in a new production line.

In Circuit Materials, revenue did not reach the level of the same period of the previous year. In CIS (Circuit Integrated Suspension), demand for hard disk drives (HDDs) with high capacities in data centers decreased substantially, and the Group reduced costs by adjusting operations and other measures. The number of models adopting the high-precision circuits for high-end smartphones increased compared with the same period of the previous year.

As a result of the above, revenue decreased by 11.0% to 229,952 million yen and operating profit decreased by 19.4% to 57,642 million yen.

③ Human Life

In Life Science, revenue did not reach the level of the same period of the previous year. In the oligonucleotide contract manufacturing business, demand for immunologic adjuvants for vaccine decreased due to the end of COVID-19. On the other hand, in the nucleic acid drugs market, commercialization for large-scale diseases is expected, and engineering batch has begun at a new plant in Massachusetts, in the United States, to meet the growing demand in the future. In development of nucleic acid drug discovery, following the result of the Phase 2 clinical trial for the treatment of idiopathic pulmonary fibrosis, the Group received the notification that Bristol Myers Squibb Company has decided not to exercise the option rights to further in-license. The Group also received the notification from the company that it was decided to discontinue the ongoing Phase 2 clinical trial for the treatment of non-alcoholic steatohepatitis (NASH), which was based on the exclusive licensing agreement about the drug discovery for liver fibrosis and cirrhosis. For intractable cancer drugs, the Group continues clinical trials to out-license its pipelines. In medical products, demand for transdermal absorbents recovered due to an increase in outpatients.

In Membrane (high-polymer separation membrane), revenue did not reach the level of the same period of the previous year. Demand for high-polymer separation membrane for various industrial applications decreased, mainly in China.

In Personal Care Materials, revenue increased from the same period of the previous year due to the acquisition of Mondi plc's personal care business in June 2022. In addition to the mainstay products for diapers, the Group is advancing the development of new applications that leverage the characteristics of functional films, which are the core materials. At the same time, the Group is working to develop new products contributing to the environment using biodegradable technologies.

As a result of the above, revenue decreased by 4.1% to 61,135 million yen and operating loss amounted to 5,427 million yen. (operating profit of 5,234 million yen was reported in the same period of the previous year)

④ Others

Please note that this segment includes new products that have not generated sufficient revenue yet. Major business theme is the disposable Holter ECG device, and the Group is conducting pilot sales for full-scale mass production.

As a result of the above, revenue increased by 100.5% to 6 million yen and operating loss amounted to 2,906 million yen. (operating loss of 1,782 million yen was reported in the same period of the previous year)

(Reference) Segment Information (six months)

(Millions of yen)

		For the six months ended September 30, 2022	For the six months ended September 30, 2023	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	172,545	171,499	99.4
	Operating profit	16,611	17,622	106.1
Optronics	Information Fine Materials	196,513	182,034	92.6
	Circuit Materials	61,879	47,917	77.4
	Total	258,393	229,952	89.0
	Operating profit	71,485	57,642	80.6
Human Life	Life Science	30,072	19,286	64.1
	Membrane	16,907	16,314	96.5
	Personal Care Materials	16,743	25,534	152.5
	Total	63,722	61,135	95.9
	Operating profit	5,234	(5,427)	-
Others	Revenue	3	6	200.5
	Operating profit	(1,782)	(2,906)	-
Adjustment	Revenue	(9,755)	(13,249)	-
	Operating profit	730	(2,458)	-
Total	Revenue	484,909	449,344	92.7
	Operating profit	92,279	64,472	69.9

(Note) Some changes have been made to reporting segments from FY2023. The name of Flexible Printed Circuits has been changed to Circuit Materials and the plastic optical cable business has been transferred from Others to Circuit Materials of Optronics. In addition, Certain related businesses have been transferred from Personal Care Materials of Human Life to Industrial Tape and Certain business included in Adjustment has been transferred to Others. Such changes have also been reflected in the figures for the six months ended September 30, 2022.

(Reference) Segment Information (three months)

(Millions of yen)

		For the three months ended September 30, 2022	For the three months ended September 30, 2023	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	91,100	90,806	99.7
	Operating profit	8,283	10,164	122.7
Optronics	Information Fine Materials	111,709	95,389	85.4
	Circuit Materials	35,251	30,199	85.7
	Total	146,960	125,588	85.5
	Operating profit	46,351	37,610	81.1
Human Life	Life Science	12,127	10,145	83.7
	Membrane	9,067	8,019	88.5
	Personal Care Materials	14,548	13,691	94.1
	Total	35,743	31,856	89.1
	Operating profit	190	(2,490)	-
Others	Revenue	0	2	229.1
	Operating profit	(914)	(1,621)	-
Adjustment	Revenue	(5,264)	(7,365)	-
	Operating profit	(152)	(1,601)	-
Total	Revenue	268,540	240,888	89.7
	Operating profit	53,758	42,061	78.2

(Note) Some changes have been made to reporting segments from FY2023. The name of Flexible Printed Circuits has been changed to Circuit Materials and the plastic optical cable business has been transferred from Others to Circuit Materials of Optronics. In addition, Certain related businesses have been transferred from Personal Care Materials of Human Life to Industrial Tape and Certain business included in Adjustment has been transferred to Others. Such changes have also been reflected in the figures for the three months ended September 30, 2022.

(Reference) Segment Information (annual forecast)

(Millions of yen)

		Forecast for the fiscal year ending March 31, 2024	
		Revenue	Y-o-Y (%)
Industrial Tape	Revenue	347,500	101.3
	Operating profit	38,500	141.5
Optronics	Information Fine Materials	367,500	99.9
	Circuit Materials	100,000	87.3
	Total	467,500	96.9
	Operating profit	120,000	94.2
Human Life	Life Science	44,000	81.8
	Membrane	33,000	99.2
	Personal Care Materials	54,500	131.0
	Total	131,500	102.2
	Operating profit	(5,000)	-
Others	Revenue	-	-
	Operating profit	(5,500)	-
Adjustment	Revenue	(26,500)	-
	Operating profit	(8,000)	-
Total	Revenue	920,000	99.0
	Operating profit	140,000	95.1

(2) Explanation of financial position

The Group's financial position at the end of the second quarter of the fiscal year ending March 31, 2024, was as follows.

Compared with the end of the fiscal year ended March 31, 2023, total assets increased by 51,642 million yen to 1,205,290 million yen and total liabilities increased by 10,258 million yen to 260,710 million yen. Total equity increased by 41,384 million yen to 944,579 million yen. This was mainly due to a 24,472 million yen decrease in retained earnings from the end of the fiscal year ended March 31, 2023 caused by quarterly net profit attributable to owners of the parent company and dividends and the cancellation of the treasury shares, etc., and a 19,366 million yen decrease in treasury shares and an 46,589 million yen increase in other components of equity. As a result, the ratio of equity attributable to owners of the parent company to total assets changed from 78.2% at the end of the fiscal year ended March 31, 2023, to 78.3% at the end of the second quarter of the fiscal year ending March 31, 2024.

The main changes in assets were a decrease in cash and cash equivalents of 22,485 million yen, an increase in trade and other receivables of 44,057 million yen, a decrease in inventories of 1,860 million yen, an increase in other current assets of 6,449 million yen, a decrease in assets held for sale of 5,232 million yen, an increase in property, plant and equipment of 23,031 million yen, an increase in right-of-use assets of 1,703 million yen, an increase in goodwill of 5,393 million yen, an increase in financial assets 1,108 million yen. In terms of liabilities, trade and other payables increased by 8,569 million yen, other current financial liabilities increased by 2,486 million yen, other current liabilities decreased by 1,432 million yen, liabilities directly associated with assets held for sale decreased by 1,436 million yen, other non-current assets financial liabilities increased by 1,764 million yen.

(3) Explanation of forecasts and other projections

In the business environment surrounding the Group, demand for CIS for high-capacity HDD for data centers and optical films for high-end laptops and tablets is expected to be lower than initially expected. In addition, the Group revised a plan for licensing revenues related to the treatment of idiopathic pulmonary fibrosis in development of nucleic acid drug discovery. On the other hand, the yen has been weaker than initially expected, that leads to profit increase effect. In this environment, the Group aim to become an irreplaceable top ESG company through the implementation of our Niche Top Strategy and Nitto-Style ESG Strategy, which involves anticipating market changes and leveraging our technological strengths to create products and services that contribute to the environment and humanity.

The full-year forecasts of the fiscal year ending March 31, 2024, considering the circumstances described above and the results for the second quarter, the full-year forecasts of the fiscal year ending March 31, 2024 were revised. The exchange rate from the third quarter onward is assumed to be 1\$ = ¥140.

Revision of consolidated forecasts for the fiscal year ending March 31, 2024

	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	Yen
Previous forecast (A)	935,000	150,000	150,000	110,000	110,000	753.85
Revised forecast (B)	920,000	140,000	140,000	100,000	100,000	698.57
Difference (B) – (A)	(15,000)	(10,000)	(10,000)	(10,000)	(10,000)	-
Rate of change (%)	(1.6)	(6.7)	(6.7)	(9.1)	(9.1)	-
(Reference) Consolidated financial results for the fiscal year ended March 31, 2023	929,036	147,173	146,840	109,264	109,173	738.77

The above results and forecasts are forward-looking statements determined by the Company based on currently available information that may include risks and uncertainties. Please be aware that actual results may vary significantly due to various factors.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	329,966	307,481
Trade and other receivables	178,388	222,446
Inventories	141,101	139,240
Other financial assets	2,141	1,908
Other current assets	20,358	26,808
Subtotal	<u>671,956</u>	<u>697,884</u>
Assets held for sale	5,232	-
Total current assets	<u>677,189</u>	<u>697,884</u>
Noncurrent assets		
Property, plant and equipment	333,103	356,135
Right-of-use assets	12,959	14,662
Goodwill	58,822	64,215
Intangible assets	21,469	20,920
Investments accounted for using equity method	2,140	2,163
Financial assets	8,860	9,968
Deferred tax assets	23,420	23,882
Other noncurrent assets	15,682	15,456
Total noncurrent assets	<u>476,457</u>	<u>507,405</u>
Total assets	<u><u>1,153,647</u></u>	<u><u>1,205,290</u></u>

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	91,834	100,404
Borrowings	272	263
Income tax payables	18,488	18,394
Other financial liabilities	22,162	24,649
Other current liabilities	54,053	52,620
Subtotal	186,811	196,333
Liabilities directly associated with assets held for sale	1,436	-
Total current liabilities	188,248	196,333
Noncurrent liabilities		
Other financial liabilities	15,729	17,493
Defined benefit liabilities	40,015	40,696
Deferred tax liabilities	4,173	4,015
Other noncurrent liabilities	2,286	2,171
Total noncurrent liabilities	62,204	64,376
Total liabilities	250,452	260,710
Equity		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	50,047	49,924
Retained earnings	786,269	761,797
Treasury shares	(27,631)	(8,264)
Other components of equity	66,741	113,331
Total equity attributable to owners of the parent company	902,211	943,572
Noncontrolling interests	983	1,006
Total equity	903,194	944,579
Total liabilities and equity	1,153,647	1,205,290

(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 six months ended September 30, 2022	For the six months ended September 30, 2023
Revenue	484,909	449,344
Cost of sales	298,944	291,972
Gross profit	185,964	157,371
Selling, general and administrative expenses	71,380	71,731
Research and development expenses	20,398	21,870
Other income	2,693	6,376
Other expenses	4,599	5,673
Operating profit	92,279	64,472
Finance income	1,019	1,029
Finance expenses	1,293	1,268
Share of profit of investments accounted for using the equity method	29	7
Profit before income taxes	92,035	64,240
Income tax expenses	28,592	19,976
Net profit	63,442	44,264
Net profit attributable to:		
Owners of the parent company	63,398	44,216
Noncontrolling interests	43	48
Total	63,442	44,264
Earnings per share attributable to owners of the parent company		
Basic earnings per share (Yen)	428.29	308.88
Diluted earnings per share (Yen)	428.12	308.77

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net profit	63,442	44,264
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	(358)	16
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	45,053	46,607
Net changes in fair value of cash flow hedges	2,209	1
Share of other comprehensive income of investments accounted for using equity method	2	68
Total other comprehensive income	46,907	46,693
Total comprehensive income	110,350	90,958
Total comprehensive income attributable to:		
Owners of the parent company	110,303	90,907
Noncontrolling interests	46	51
Total	110,350	90,958

(3) Quarterly consolidated statement of changes in equity

For the six months ended September 30, 2022

(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, 2022	26,783	49,992	705,910	(9,771)	48,276	821,192	913	822,105
Net profit	-	-	63,398	-	-	63,398	43	63,442
Other comprehensive income	-	-	-	-	46,904	46,904	3	46,907
Total comprehensive income	-	-	63,398	-	46,904	110,303	46	110,350
Share based remuneration transactions	-	-	-	-	(110)	(110)	-	(110)
Dividends	-	-	(16,281)	-	-	(16,281)	(29)	(16,311)
Changes in treasury shares	-	71	-	138	-	210	-	210
Transfer from other components of equity to non-financial assets	-	-	-	-	(4,206)	(4,206)	-	(4,206)
Total transactions with owners	-	71	(16,281)	138	(4,317)	(20,388)	(29)	(20,418)
Balance as of September 30, 2022	26,783	50,064	753,027	(9,632)	90,864	911,107	930	912,038

For the six months ended September 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	-	-	44,216	-	-	44,216	48	44,264
Other comprehensive income	-	-	-	-	46,690	46,690	3	46,693
Total comprehensive income	-	-	44,216	-	46,690	90,907	51	90,958
Share based remuneration transactions	-	(47)	-	-	(100)	(148)	-	(148)
Dividends	-	-	(17,510)	-	-	(17,510)	(28)	(17,538)
Changes in treasury shares	-	(51,254)	-	19,366	-	(31,887)	-	(31,887)
Transfer from retained earnings to capital surplus	-	51,178	(51,178)	-	-	-	-	-
Total transactions with owners	-	(122)	(68,688)	19,366	(100)	(49,545)	(28)	(49,573)
Balance as of September 30, 2023	26,783	49,924	761,797	(8,264)	113,331	943,572	1,006	944,579

(4) Quarterly consolidated statement of cash flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	92,035	64,240
Depreciation and amortization	27,704	29,901
Impairment losses	3,142	65
Increase (decrease) in defined benefit liabilities	977	779
Decrease (increase) in trade and other receivables	(19,662)	(33,229)
Decrease (increase) in inventories	(9,303)	8,350
Increase (decrease) in trade and other payables	(783)	5,622
Increase (decrease) in advances received	(10,102)	(703)
Interest and dividend income	419	890
Interest expenses paid	(281)	(276)
Income taxes (paid) refunded	(21,692)	(20,657)
Others	419	(6,313)
Net cash provided by (used in) operating activities	62,870	48,670
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(34,295)	(32,394)
Proceeds from sale of property, plant and equipment and intangible assets	198	59
Decrease (increase) in time deposits	68	454
Purchase of investment securities	(12)	(378)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(95,411)	-
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	1,871
Others	55	0
Net cash provided by (used in) investing activities	(129,397)	(30,386)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	12	(8)
Repayment of lease liabilities	(2,968)	(3,323)
Decrease (increase) in treasury shares	(1)	(32,133)
Cash dividends paid	(16,281)	(17,510)
Others	(28)	(3)
Net cash provided by (used in) financing activities	(19,266)	(52,979)
Effect of exchange rate changes on cash and cash equivalents	11,547	10,289
Cash and cash equivalents included in assets held for sale	(1,003)	-
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	(75,249)	(22,485)
Cash and cash equivalents at the beginning of the period	362,046	329,966
Cash and cash equivalents at the end of the period	286,796	307,481

(5) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Segment information)

Information regarding revenue, profit or loss by segments

For the six months ended September 30, 2022

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Figures in consolidated statement of income
	Industrial Tape	Optronics	Human Life	Total				
Revenue from external customers	170,280	254,503	59,549	484,334	3	484,337	571	484,909
Intersegment revenue	2,264	3,889	4,172	10,327	-	10,327	(10,327)	-
Total segment revenue	172,545	258,393	63,722	494,661	3	494,664	(9,755)	484,909
Operating profit (loss)	16,611	71,485	5,234	93,331	(1,782)	91,548	730	92,279
Finance income								1,019
Finance expenses								(1,293)
Share of profit of investments accounted for using the equity method								29
Profit before income taxes								92,035

(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 730 million yen includes other incomes (losses) not allocated to each segment.

3. Some changes have been made to reporting segments from FY2023. The name of Flexible Printed Circuits has been changed to Circuit Materials and the plastic optical cable business has been transferred from Others to Circuit Materials of Optronics. In addition, Certain related businesses have been transferred from Personal Care Materials of Human Life to Industrial Tape and Certain business included in Adjustment has been transferred to Others. Such changes have also been reflected in the figures for the six months ended September 30, 2022.

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

For the six months ended September 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	169,160	222,119	57,453	448,733	6	448,739	604	449,344
Intersegment revenue	2,339	7,833	3,681	13,854	-	13,854	(13,854)	-
Total segment revenue	171,499	229,952	61,135	462,587	6	462,593	(13,249)	449,344
Operating profit (loss)	17,622	57,642	(5,427)	69,837	(2,906)	66,930	(2,458)	64,472
Finance income								1,029
Finance expenses								(1,268)
Share of profit of investments accounted for using the equity method								7
Profit before income taxes								64,240

(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 (2,458) million yen includes other incomes (losses) not allocated to each segment.

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

(Loss of control)

For the six months ended September 30, 2022

Not applicable.

For the six months ended September 30, 2023

(Transfer of shares in subsidiaries)

On October 24, 2022, we concluded an agreement to transfer a portion of Transportation business belonging to Industrial Tape Business Segment to Parker Corporation and transferred it on April 3, 2023. The gain on transfer of 614 million yen was recorded in "Others income" in the Quarterly consolidated statement of profit or loss.

The breakdown of assets and liabilities at the time of loss of control of a company that is no longer a subsidiary due to the transfer of equity interests, and the relationship between the consideration received and the balance due to the sale are as follows.

	(Millions of yen)
	Amount
Current assets	5,232
Total assets	5,232
Current liabilities	1,436
Total liabilities	1,436
Consideration received	3,791
Cash and cash equivalents of assets at the time of loss of control	(1,920)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,871

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

(Repurchase of treasury shares)

Pursuant to the resolution at the Board of Directors meeting on January 26, 2023, the Company has acquired its treasury shares. According to this repurchase, treasury shares increased by 3,392 thousand and 32,132 million yen in the second quarter of the fiscal year ending March 31, 2024.

(Disposal of treasury shares)

Pursuant to the resolution at the Board of Directors meeting on June 23, 2023, the Company has disposed of its treasury shares as remuneration for restricted shares on July 13, 2023. According to this disposal, treasury shares decreased by 20 thousand and 163 million yen in the second quarter of the fiscal year ending March 31, 2024.

(Cancellation of treasury shares)

Pursuant to the resolution at the Board of Directors meeting on August 30, 2023, the Company has canceled its treasury shares on September 15, 2023. According to this cancellation, treasury shares decreased by 6,206 thousand and 51,286 million yen in the second quarter of the fiscal year ending March 31, 2024.

As a result, the number of treasury shares at the end of the second quarter of the fiscal year ending March 31, 2024, was 1,000 thousand, and the book balance was 8,264 million yen.

(Significant subsequent events)

Not applicable.