

Preliminary

Summary of Consolidated Financial Statements for the First Quarter Ended June 30, 2020 (IFRS Basis)

Listed company name: **Nitto Denko Corporation**
 Stock exchange listing: First Section of Tokyo Stock Exchange
 Code Number: 6988 URL <https://www.nitto.com/>
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Filing date of quarterly financial statements: July 29, 2020
 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 first quarter ended June 30, 2020 (April 1, 2020 through June 30, 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	%
First quarter ended June 30, 2020	163,310	-7.9	17,442	17.2	17,230	16.0	12,053	17.1	12,038	17.1	11,307	-
First quarter ended June 30, 2019	177,238	-8.1	14,877	-43.9	14,848	-42.9	10,293	-40.1	10,282	-40.1	-1,080	-

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First quarter ended June 30, 2020	80.03	79.97
First quarter ended June 30, 2019	65.55	65.50

(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	%
June 30, 2020	876,712	659,547	658,797	75.1
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	-				
March, 2021 (Forecast)		100.00	-	100.00	200.00

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

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	%	
First half	350,000	-7.5	35,000	-14.8	35,000	-14.7	25,000	-14.3	25,000	-14.2	162.42
Annual	675,000	-8.9	64,000	-8.2	64,000	-7.3	45,000	-4.7	45,000	-4.6	301.95

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

- Others

(1) Changes in significant subsidiaries during the first quarter ended June 30, 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)

June 30, 2020: 158,758,428	March 31, 2020: 158,758,428
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2. Number of treasury stock at the end of the period

June 30, 2020: 9,725,655	March 31, 2020: 4,839,755
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3. Average number of outstanding shares during the period (cumulative from the beginning of the period)

April-June 2020: 150,422,040	April-June 2019: 156,851,102
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- 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

(Yen in Millions)

		First quarter ended June 30, 2019 (April 1, 2019 through June 30, 2019)	First quarter ended June 30, 2020 (April 1, 2020 through June 30, 2020)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional Base Products	43,717	40,154	91.9
	Transportation	36,084	20,746	57.5
	Total	79,801	60,900	76.3
	Operating income	5,567	1,650	29.6
Optronics	Information Fine Materials	81,408	85,782	105.4
	Flexible Printed Circuits	9,794	10,390	106.1
	Total	91,203	96,173	105.4
	Operating income	11,051	17,717	160.3
Life Science	Revenue	5,856	7,043	120.3
	Operating income	-1,424	-518	-
Others	Revenue	7,639	5,392	70.6
	Operating income	-26	-1,021	-
Corporate/Elimination	Revenue	-7,261	-6,199	-
	Operating income	-290	-385	-
Total	Revenue	177,238	163,310	92.1
	Operating income	14,877	17,442	117.2

(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 first quarter ended June 30, 2019.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated statements of financial position

(Yen in Millions)

	March 31, 2020	June 30, 2020
(Assets)		
Current assets		
Cash and cash equivalents	304,922	250,302
Trade and other receivables	154,473	154,102
Inventories	96,124	101,201
Other financial assets	2,642	1,868
Other current assets	17,893	19,391
Total current assets	<u>576,056</u>	<u>526,866</u>
Non-current assets		
Property, plant and equipment	266,948	267,462
Right-of-use assets	16,266	16,640
Goodwill	4,852	4,783
Intangible assets	10,198	11,184
Investments accounted for using equity method	206	1,082
Financial assets	7,242	8,714
Deferred tax assets	25,694	25,585
Other non-current assets	14,434	14,392
Total non-current assets	<u>345,843</u>	<u>349,845</u>
Total assets	<u><u>921,900</u></u>	<u><u>876,712</u></u>

(Yen in Millions)

	March 31, 2020	June 30, 2020
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	90,811	85,783
Bonds and borrowings	90	88
Income tax payables	10,036	4,494
Other financial liabilities	24,050	21,853
Other current liabilities	36,907	34,537
Total current liabilities	161,895	146,758
Non-current liabilities		
Other financial liabilities	18,976	18,680
Defined benefit liabilities	48,272	48,845
Deferred tax liabilities	284	635
Other non-current liabilities	2,266	2,245
Total non-current liabilities	69,800	70,406
Total liabilities	231,696	217,164
(Equity)		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	50,271	50,081
Retained earnings	643,521	640,167
Treasury stock	-27,505	-53,921
Other components of equity	-3,624	-4,313
Total equity attributable to owners of the parent company	689,446	658,797
Non-controlling interests	757	750
Total equity	690,204	659,547
Total liabilities and equity	921,900	876,712

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

(Quarterly consolidated statements of income)

(Yen in Millions)

	First quarter ended June 30, 2019 (April 1, 2019 through June 30, 2019)	First quarter ended June 30, 2020 (April 1, 2020 through June 30, 2020)
Revenue	177,238	163,310
Cost of sales	126,408	112,788
Gross profit	50,830	50,522
Selling, general and administrative expenses	27,767	24,891
Research and development expenses	8,078	8,223
Other income	1,100	1,160
Other expenses	1,208	1,125
Operating income	14,877	17,442
Financial income	290	198
Financial expenses	329	416
Equity in profits (losses) of affiliates	10	5
Income before income taxes	14,848	17,230
Income tax expenses	4,555	5,176
Net income	10,293	12,053
Net income attributable to:		
Owners of the parent company	10,282	12,038
Non-controlling interests	11	14
Total	10,293	12,053
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	65.55	80.03
Diluted earnings per share (yen)	65.50	79.97

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	First quarter ended June 30, 2019 (April 1, 2019 through June 30, 2019)	First quarter ended June 30, 2020 (April 1, 2020 through June 30, 2020)
Net income	10,293	12,053
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	-199	125
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	-11,167	-869
Net gain (loss) in fair value of cash flow hedges	-0	-1
Share of other comprehensive income of associates accounted for using equity method	-6	-0
Total other comprehensive income	<u>-11,373</u>	<u>-745</u>
Total comprehensive income	<u><u>-1,080</u></u>	<u><u>11,307</u></u>
Total comprehensive income attributable to:		
Owners of the parent company	-1,089	11,292
Non-controlling interests	9	14
Total	<u><u>-1,080</u></u>	<u><u>11,307</u></u>

(3) Quarterly consolidated statements of changes in equity

For the first quarter ended June 30, 2019 (April 1, 2019 through June 30, 2019)

(Yen in Millions)

	Equity attributable to owners of the parent company					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity			
Balance as of April 1, 2019	26,783	50,319	622,025	-11,081	12,395	700,443	744	701,187
Net income	-	-	10,282	-	-	10,282	11	10,293
Other comprehensive income	-	-	-	-	-11,372	-11,372	-1	-11,373
Total comprehensive income	-	-	10,282	-	-11,372	-1,089	9	-1,080
Share-based payment transactions	-	-37	-	-	48	11	-	11
Dividends	-	-	-14,116	-	-	-14,116	-23	-14,140
Changes in treasury stock	-	11	-	25	-	37	-	37
Total transactions with owners	-	-25	-14,116	25	48	-14,068	-23	-14,091
Balance as of June 30, 2019	26,783	50,294	618,190	-11,055	1,072	685,285	730	686,015

For the first quarter ended June 30, 2020 (April 1, 2020 through June 30, 2020)

(Yen in Millions)

	Equity attributable to owners of the parent company					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity			
Balance as of April 1, 2020	26,783	50,271	643,521	-27,505	-3,624	689,446	757	690,204
Net income	-	-	12,038	-	-	12,038	14	12,053
Other comprehensive income	-	-	-	-	-745	-745	-0	-745
Total comprehensive income	-	-	12,038	-	-745	11,292	14	11,307
Share-based payment transactions	-	-200	-	-	56	-144	-	-144
Dividends	-	-	-15,391	-	-	-15,391	-22	-15,414
Changes in treasury stock	-	10	-	-26,415	-	-26,405	-	-26,405
Total transactions with owners	-	-190	-15,391	-26,415	56	-41,941	-22	-41,963
Balance as of June 30, 2020	26,783	50,081	640,167	-53,921	-4,313	658,797	750	659,547

(4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	First quarter ended June 30, 2019 (April 1, 2019 through June 30, 2019)	First quarter ended June 30, 2020 (April 1, 2020 through June 30, 2020)
Cash flows from operating activities		
Income before income taxes	14,848	17,230
Depreciation and amortization	12,331	11,840
Impairment losses	-	63
Increase (decrease) in defined benefit liabilities	708	559
Decrease (increase) in trade and other receivables	1,553	-28
Decrease (increase) in inventories	-7,057	-5,161
Increase (decrease) in trade and other payables	1,400	-4,940
Interest and dividend income	244	190
Interest expenses paid	-147	-180
Income taxes (paid) refunded	-5,771	-11,301
Others	-3,384	-3,187
Net cash provided by (used in) operating activities	14,727	5,083
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-17,264	-15,581
Proceeds from sale of property, plant and equipment and intangible assets	72	51
Decrease (increase) in time deposits	-1,385	674
Purchase of investment securities	-696	-322
Purchase of shares of subsidiaries and associates	-	-879
Others	0	0
Net cash provided by (used in) investing activities	-19,274	-16,057
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	24	-1
Repayment of finance lease obligations	-1,471	-1,471
Decrease (increase) in treasury stock	-0	-26,605
Cash dividends paid	-14,130	-15,391
Others	-23	-29
Net cash provided by (used in) financing activities	-15,601	-43,499
Effect of exchange rate changes on cash and cash equivalents	-2,967	-146
Net increase (decrease) in cash and cash equivalents	-23,115	-54,620
Cash and cash equivalents at the beginning of the period	297,682	304,922
Cash and cash equivalents at the end of the period	274,566	250,302

(Segment information)

Information regarding revenue, income, or loss by segments

First quarter ended June 30, 2019 (April 1, 2019 through June 30, 2019)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	76,092	89,454	4,792	6,647	176,987	251	177,238
Inter-segment revenue	3,709	1,748	1,063	992	7,513	-7,513	-
Total segment revenue	79,801	91,203	5,856	7,639	184,500	-7,261	177,238
Total operating income (loss)	5,567	11,051	-1,424	-26	15,167	-290	14,877
Financial income							290
Financial expenses							-329
Equity in profits (losses) of affiliates							10
Income before income taxes							14,848

(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 first quarter ended June 30, 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

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

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	57,752	94,510	6,098	4,752	163,113	197	163,310
Inter-segment revenue	3,148	1,662	945	640	6,396	-6,396	-
Total segment revenue	60,900	96,173	7,043	5,392	169,510	-6,199	163,310
Total operating income (loss)	1,650	17,717	-518	-1,021	17,827	-385	17,442
Financial income							198
Financial expenses							-416
Equity in profits (losses) of affiliates							5
Income before income taxes							17,230

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