

## Summary of Consolidated Financial Statements for the Third Quarter Ended December 31, 2018 (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: February 4, 2019  
 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, 2018 (April 1, 2018 through December 31, 2018)

(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, 2018	630,172	-4.6	84,123	-23.0	83,105	-24.2	60,745	-24.5	60,683	-24.5	57,937	-37.7
Third quarter ended December 31, 2017	660,736	16.7	109,263	68.7	109,579	71.1	80,423	73.2	80,356	73.8	92,987	102.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended December 31, 2018	385.85	385.50
Third quarter ended December 31, 2017	494.84	494.31

(Note) From the third quarter ended December 31, 2018, "royalty income", which was previously included in "other income" on the consolidated statements of income, is included in "revenue". Figures for the third quarter ended December 31, 2017, have been restated to reflect this change.

### (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, 2018	921,764	697,016	696,262	75.5
March 31, 2018	937,796	693,995	693,278	73.9

## 2. Dividends

Record Date	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
March, 2018	yen -	yen 80.00	yen -	yen 80.00	yen 160.00
March, 2019	-	90.00	-		
March, 2019 (Forecast)				90.00	180.00

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

## 3. Forecast for fiscal year ending March 31, 2019 (April 1, 2018 through March 31, 2019)

(% 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	820,000	-4.4	100,000	-20.5	99,000	-21.5	73,000	-16.5	73,000	-16.5	yen 464.17

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

### - Others

(1) Changes in significant subsidiaries during the third quarter ended December 31, 2018: Yes

Excluded : 1 company (Company Name) Nitto Denko (Suzhou) Co., Ltd.

(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 “2. Quarterly Consolidated Financial Statements and Key Notes (5) Notes on quarterly 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)

December 31, 2018: 173,758,428      March 31, 2018: 173,758,428

2. Number of treasury stock at the end of the period

December 31, 2018: 16,927,475      March 31, 2018: 13,592,423

3. Average number of outstanding shares during the period (cumulative from the beginning of the period)

April-December 2018: 157,270,428      April-December 2017: 162,387,414

- 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 “Explanation of forecasts and other projections” on page 6 of the Attachment to this summary of consolidated financial results.

(Reference) Consolidated financial results of the third quarter (three months) of the fiscal year ending March 31, 2019  
(October 1, 2018 through December 31, 2018)

(All monetary values noted herein are rounded down to the nearest million yen)  
(% 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 Dec. 31, 2018	226,494	-2.9	32,758	-20.1	32,926	-20.1	25,553	-22.2	25,532	-22.2	17,682	-55.5
Third quarter ended Dec. 31, 2017	233,175	10.4	41,020	15.6	41,226	17.1	32,824	27.7	32,801	27.9	39,770	-29.5

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Third quarter ended Dec. 31, 2018	162.80	162.65
Third quarter ended Dec. 31, 2017	201.97	201.79

(Note) From the third quarter ended December 31, 2018, "royalty income", which was previously included in "other income" on the consolidated statements of income, is included in "revenue". Figures for the third quarter ended December 31, 2017, have been restated to reflect this change.

(Attached Documents)

Index

1. Qualitative Information Regarding Quarterly Settlement of Accounts.....	2
(1) Explanation of operating results.....	2
(2) Explanation of financial position.....	6
(3) Explanation of forecasts and other projections.....	6
2. Quarterly Consolidated Financial Statements and Key Notes.....	7
(1) Quarterly consolidated statements of financial position.....	7
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income.....	9
(3) Quarterly consolidated statements of changes in equity.....	11
(4) Quarterly consolidated statements of cash flows.....	12
(5) Notes on quarterly consolidated financial statements.....	13
(Notes on going concern assumption).....	13
(Changes in significant subsidiaries during the third quarter ended December 31, 2018).....	13
(Changes in accounting policies).....	13
(Segment information).....	14
(Notes in cases where there was a substantial change in the amount of shareholders' equity).....	15
(Significant subsequent events).....	15

## 1. Qualitative Information Regarding Quarterly Settlement of Accounts

### (1) Explanation of operating results

During the first nine months of the fiscal year ending March 31, 2019 (April 1, 2018 through December 31, 2018), economic environment maintained modest trend toward recovery in Japan and overseas. Trade policy of the U.S. and that of China provoked worldwide concerns over economic deceleration. Falling crude oil prices, and the U.S. monetary policy against financial markets resulted in the appreciation of the yen.

In such economic environment, Nitto Group (the "Group") expanded steadily in Functional Base Products and Transportation in Industrial Tape. For Optronics, the Group also expanded steadily in Flexible Printed Circuits, however Information Fine Materials and Processing Materials weakened. For Life Science, the operating result in the first nine months of the fiscal year ending March 31, 2019 was improved since the Group recorded the final profit in the first quarter regarding the change in our customer's situation on new drug development in the previous fiscal year.

As a result of the above, revenue decreased by 4.6% from the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 630,172 million yen. Operating income decreased by 23.0% to 84,123 million yen, income before income taxes decreased by 24.2% to 83,105 million yen, net income decreased by 24.5% to 60,745 million yen, and net income attributable to owners of the parent company decreased by 24.5% to 60,683 million yen.

### Summary of results by segment

#### ① Industrial Tape

While sales of Functional Base Product for smartphones had a bearish tendency, sales of processing materials for semiconductor and electronic components were in good shape. Filter materials and heat-resistant materials for industrial use also fared well. In our transportation business, sales of electrical insulating materials and vent filters related to car electronics applications remained favorable.

As a result of the above, revenue increased by 0.8% to 258,340 million yen and operating income decreased by 14.6% to 23,309 million yen.

#### ② Optronics

With regard to optical films for smartphones, of which demand used to peak from October to December every year, its demand did not reach the level we had forecasted this fiscal year, and thus resulted in sluggish sales of Information Fine Materials. Flexible Printed Circuits grew steadily, driven by the sales of that for high-capacity hard disk drive (HDD) models for data centers. Processing Materials remained sluggish as demand for manufacturing use of semiconductor entered a phase of adjustment.

As a result of the above, revenue decreased by 9.0% to 355,737 million yen and operating income decreased by 27.5% to 61,530 million yen.

#### ③ Life Sciences

Efficacy for atrial fibrillation has been added to transdermal patches for essential hypertension, which were co-developed with our customer. As for nucleic acid drug development, the investigational new drug (IND) application, a ribonucleic acid interference (RNAi)-based treatment for KRAS mutant tumors was allowed to proceed by the US Food and Drug Administration (FDA). The Group is working to initiate the Phase 1 study. In oligonucleotide contract manufacturing business, the final profit of contract manufacturing due to the change during the previous fiscal year in our customer's situation on new drug development was recorded in the first quarter.

As a result of the above, revenue increased by 12.3% to 23,376 million yen and operating income increased by 314.2% to 2,595 million yen.

#### ④ Others

Responding to the industrial demands for water treatment plants, including seawater desalination, sales of Membrane were firm. Please note that this segment includes new businesses that have yet to generate sufficient levels of revenue.

As a result of the above, revenue increased by 0.4% to 19,255 million yen and operating loss amounted to 1,356 million yen. (operating income of 141 million yen was reported in the same period of the previous year)

With the changes in the management structure that have been made during the fiscal year 2018 under review, partial changes have been made to reporting segments.

From the third quarter ended December 31, 2018, "royalty income", which was previously included in "other income" on the consolidated statements of income, is included in "revenue".

We conduct a comparison with the figures of the first nine months of the previous consolidated fiscal year after this change is reflected to reclassification.

(Reference) Segment Information (nine months)

(Yen in Millions)

		Third quarter ended December 31, 2017 (April 1, 2017 through December 31, 2017)	Third quarter ended December 31, 2018 (April 1, 2018 through December 31, 2018)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional Base Products	132,292	134,628	101.8
	Transportation	124,117	123,711	99.7
	Total	256,409	258,340	100.8
	Operating income	27,284	23,309	85.4
Optronics	Information Fine Materials	340,705	306,537	90.0
	Flexible Printed Circuits	31,788	32,179	101.2
	Processing Materials	18,399	17,020	92.5
	Total	390,892	355,737	91.0
	Operating income	84,831	61,530	72.5
Life Science	Revenue	20,815	23,376	112.3
	Operating income	626	2,595	414.2
Others	Revenue	19,171	19,255	100.4
	Operating income	141	-1,356	-
Corporate/Elimination	Revenue	-26,552	-26,537	-
	Operating income	-3,620	-1,954	-
Total	Revenue	660,736	630,172	95.4
	Operating income	109,263	84,123	77.0

(Note) With the changes in the management structure that have been made during the fiscal year 2018 under review, partial changes have been made to reporting segments.

From the third quarter ended December 31, 2018, "royalty income", which was previously included in "other income" on the consolidated statements of income, is included in "revenue".

Such changes have also been reflected in the figures for the third quarter ended December 31, 2017.

(Reference) Segment Information (three months)

(Yen in Millions)

		Third quarter ended December 31, 2017 (October 1, 2017 through December 31, 2017)	Third quarter ended December 31, 2018 (October 1, 2018 through December 31, 2018)	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Functional Base Products	46,511	46,584	100.2
	Transportation	43,513	42,364	97.4
	Total	90,025	88,948	98.8
	Operating income	10,008	8,462	84.6
Optronics	Information Fine Materials	123,301	117,514	95.3
	Flexible Printed Circuits	11,028	10,416	94.5
	Processing Materials	6,290	5,572	88.6
	Total	140,620	133,503	94.9
	Operating income	34,655	29,969	86.5
Life Science	Revenue	5,445	6,638	121.9
	Operating income	-1,099	-459	-
Others	Revenue	6,345	6,876	108.4
	Operating income	-32	-578	-
Corporate/Elimination	Revenue	-9,260	-9,473	-
	Operating income	-2,511	-4,634	-
Total	Revenue	233,175	226,494	97.1
	Operating income	41,020	32,758	79.9

(Note) With the changes in the management structure that have been made during the fiscal year 2018 under review, partial changes have been made to reporting segments.

From the third quarter ended December 31, 2018, "royalty income", which was previously included in "other income" on the consolidated statements of income, is included in "revenue".

Such changes have also been reflected in the figures for the third quarter ended December 31, 2017.

Forecasts of fiscal year ending March 31, 2019  
(As of January 31, 2019)

		Revenue	Y-o-Y (%)
Industrial Tape	Functional Base Products	181,000	104.1
	Transportation	162,000	98.2
	Total	343,000	101.2
	Operating income	31,000	88.6
Optronics	Information Fine Materials	392,000	92.2
	Flexible Printed Circuits	39,900	94.9
	Processing Materials	23,100	94.5
	Total	455,000	92.5
	Operating income	70,000	76.2
Life Science	Revenue	30,000	82.9
	Operating income	2,000	33.7
Others	Revenue	27,000	106.8
	Operating income	-1,000	-
Corporate/Elimination	Revenue	-35,000	-
	Operating income	-2,000	-
Total	Revenue	820,000	95.6
	Operating income	100,000	79.5



(2) Explanation of financial position

The Group's financial position at the end of the third quarter of the fiscal year ending March 31, 2019 was as follows.

Compared with the end of the fiscal year ended March 31, 2018, total assets decreased by 16,031 million yen to 921,764 million yen and total liabilities decreased by 19,052 million yen to 224,748 million yen. Total equity increased by 3,020 million yen to 697,016 million yen. As a result, the ratio of equity attributable to owners of the parent company to total assets changed from 73.9% at the end of the fiscal year ended March 31, 2018 to 75.5% at the end of the third quarter of the fiscal year ending March 31, 2019.

The main changes in assets were a decrease in cash and cash equivalents of 28,806 million yen, an increase in trade and other receivables of 7,990 million yen, an increase in inventories of 3,753 million yen, a decrease in other financial assets of 7,495 million yen, a decrease in assets held for sale of 5,914 million yen, an increase in property, plant and equipment of 11,843 million yen, an increase in deferred tax assets 3,422 million yen. In terms of liabilities, trade and other payables increased by 4,674 million yen, income tax payables decreased by 13,686 million yen, other current financial liabilities increased by 3,154 million yen, other current liabilities decreased by 7,456 million yen, other non-current liabilities decreased by 6,158 million yen.

(3) Explanation of forecasts and other projections

Given the financial results of the period under review, the full-year forecasts of the year ending March 31, 2019 were modified with a review of market trends in the future.

Revision of consolidated forecasts for the fiscal year ending March 31, 2019 (April 1, 2018 through March 31, 2019)

	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	Yen
Previous forecast (A)	830,000	115,000	114,000	84,000	84,000	533.37
Revised forecast (B)	820,000	100,000	99,000	73,000	73,000	464.17
Difference (B) – (A)	-10,000	-15,000	-15,000	-11,000	-11,000	-
Rate of change (%)	-1.2	-13.0	-13.2	-13.1	-13.1	-
(Reference) Consolidated financial results for the fiscal year ended March 31, 2018	857,376	125,722	126,168	87,463	87,377	538.99

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 statements of financial position

(Yen in Millions)

	March 31, 2018	December 31, 2018
<b>(Assets)</b>		
Current assets		
Cash and cash equivalents	304,709	275,903
Trade and other receivables	192,120	200,111
Inventories	95,068	98,822
Other financial assets	8,815	1,320
Other current assets	15,398	15,478
Subtotal	<u>616,112</u>	<u>591,635</u>
Assets held for sale	5,914	-
Total current assets	<u>622,027</u>	<u>591,635</u>
Non-current assets		
Property, plant and equipment	248,417	260,261
Goodwill	6,927	6,892
Intangible assets	12,355	12,203
Investments accounted for using equity method	338	372
Financial assets	9,361	8,198
Deferred tax assets	28,295	31,717
Other non-current assets	10,073	10,483
Total non-current assets	<u>315,768</u>	<u>330,129</u>
Total assets	<u><u>937,796</u></u>	<u><u>921,764</u></u>

	March 31, 2018	December 31, 2018
Liabilities and equity		
(Liabilities)		
Current liabilities		
Trade and other payables	110,114	114,789
Bonds and borrowings	4,049	3,262
Income tax payables	19,270	5,583
Other financial liabilities	13,362	16,516
Other current liabilities	40,379	32,922
Subtotal	187,175	173,074
Liabilities directly associated with assets classified as held for sale	260	-
Total current liabilities	187,436	173,074
Non-current liabilities		
Other financial liabilities	1,183	713
Defined benefit liabilities	46,227	48,100
Deferred tax liabilities	612	677
Other non-current liabilities	8,339	2,181
Total non-current liabilities	56,364	51,674
Total liabilities	243,800	224,748
(Equity)		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	55,981	56,086
Retained earnings	665,561	699,771
Treasury stock	-69,867	-98,270
Other components of equity	14,819	11,891
Total equity attributable to owners of the parent company	693,278	696,262
Non-controlling interests	716	753
Total equity	693,995	697,016
Total liabilities and equity	937,796	921,764

## (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, 2017 (April 1, 2017 through December 31, 2017)	Third quarter ended December 31, 2018 (April 1, 2018 through December 31, 2018)
Revenue	660,736	630,172
Cost of sales	436,556	433,297
Gross profit	224,180	196,874
Selling, general and administrative expenses	89,298	93,648
Research and development expenses	23,791	23,354
Other income	3,394	7,637
Other expenses	5,221	3,385
Operating income	109,263	84,123
Financial income	929	820
Financial expenses	634	1,873
Equity in profits (losses) of affiliates	21	34
Income before income taxes	109,579	83,105
Income tax expenses	29,156	22,359
Net income	80,423	60,745
Net income attributable to:		
Owners of the parent company	80,356	60,683
Non-controlling interests	67	62
Total	80,423	60,745
Earnings per share attributable to owners of the parent company		
Basic earnings per share (yen)	494.84	385.85
Diluted earnings per share (yen)	494.31	385.50

(Quarterly consolidated statements of comprehensive income)

(Yen in Millions)

	Third quarter ended December 31, 2017 (April 1, 2017 through December 31, 2017)	Third quarter ended December 31, 2018 (April 1, 2018 through December 31, 2018)
Net income	80,423	60,745
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	820	-835
Reevaluation of defined benefit liability	-	23
Items that will be reclassified to profit or loss		
Exchange differences on translating foreign operations	11,700	-2,026
Net gain (loss) in fair value of cash flow hedges	38	32
Share of other comprehensive income of associates accounted for using equity method	4	-1
Total other comprehensive income	12,564	-2,808
Total comprehensive income	92,987	57,937
Total comprehensive income attributable to:		
Owners of the parent company	92,919	57,876
Non-controlling interests	68	60
Total	92,987	57,937

## (3) Quarterly consolidated statements of changes in equity

For the third quarter ended December 31, 2017 (April 1, 2017 through December 31, 2017)

(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, 2017	26,783	56,139	603,886	-50,876	17,839	653,772	648	654,421
Net income	-	-	80,356	-	-	80,356	67	80,423
Other comprehensive income	-	-	-	-	12,562	12,562	1	12,564
Total comprehensive income	-	-	80,356	-	12,562	92,919	68	92,987
Share-based payment transactions	-	-229	-	-	-	-229	-	-229
Dividends	-	-	-25,166	-	-	-25,166	-18	-25,185
Changes in treasury stock	-	17	-	363	-	380	-	380
Transfers from other components of equity to retained earnings	-	-	0	-	-0	-	-	-
Total transactions with owners	-	-212	-25,166	363	-0	-25,015	-18	-25,033
Balance as of December 31, 2017	26,783	55,926	659,076	-50,512	30,402	721,676	699	722,375

For the third quarter ended December 31, 2018 (April 1, 2018 through December 31, 2018)

(Yen in Millions)

	Equity attributable to owners of the parent company					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity			
Balance as of April 1, 2018	26,783	55,981	665,561	-69,867	14,819	693,278	716	693,995
Cumulative effects of changes in accounting policies	-	-	430	-	-	430	-	430
Adjusted balance	26,783	55,981	665,992	-69,867	14,819	693,709	716	694,426
Net income	-	-	60,683	-	-	60,683	62	60,745
Other comprehensive income	-	-	-	-	-2,806	-2,806	-1	-2,808
Total comprehensive income	-	-	60,683	-	-2,806	57,876	60	57,937
Share-based payment transactions	-	54	-	-	-97	-42	-	-42
Dividends	-	-	-26,928	-	-	-26,928	-23	-26,951
Changes in treasury stock	-	50	-	-28,403	-	-28,352	-	-28,352
Transfers from other components of equity to retained earnings	-	-	23	-	-23	-	-	-
Total transactions with owners	-	104	-26,904	-28,403	-121	-55,323	-23	-55,347
Balance as of December 31, 2018	26,783	56,086	699,771	-98,270	11,891	696,262	753	697,016

## (4) Quarterly consolidated statements of cash flows

(Yen in Millions)

	Third quarter ended December 31, 2017 (April 1, 2017 through December 31, 2017)	Third quarter ended December 31, 2018 (April 1, 2018 through December 31, 2018)
Cash flows from operating activities		
Income before income taxes	109,579	83,105
Depreciation and amortization	37,048	34,644
Increase (decrease) in defined benefit liabilities	2,273	1,920
Decrease (increase) in trade and other receivables	-45,166	-8,164
Decrease (increase) in inventories	-9,929	-4,692
Increase (decrease) in trade and other payables	10,420	3,675
Interest and dividend income	795	839
Interest expenses paid	-299	-195
Income taxes (paid) refunded	-29,622	-39,576
Others	3,687	-10,681
Net cash provided by (used in) operating activities	78,787	60,874
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	-35,744	-45,688
Proceeds from sale of property, plant and equipment and intangible assets	148	240
Decrease (increase) in time deposits	-3,223	6,350
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	2,634
Others	-28	27
Net cash provided by (used in) investing activities	-38,847	-36,435
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	991	-582
Decrease (increase) in treasury stock	-0	-28,547
Cash dividends paid	-25,166	-26,928
Others	-18	430
Net cash provided by (used in) financing activities	-24,194	-55,627
Effect of exchange rate changes on cash and cash equivalents	4,460	-398
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	20,206	-28,806
Cash and cash equivalents at the beginning of the period	280,343	304,709
Cash and cash equivalents at the end of the period	300,549	275,903

(5) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Changes in significant subsidiaries during the third quarter ended December 31, 2018)

During the third quarter of the fiscal year ending March 31, 2019, the Company's consolidated subsidiary Nitto Denko (Suzhou) Co., Ltd. was excluded from scope of consolidation due to transferring of all shares.

(Changes in accounting policies)

The significant accounting policies adopted for the Group's condensed interim consolidated financial statements are the same as those for the consolidated financial statements for the fiscal year ended March 31, 2018, with the exception of the items described below.

Beginning from the fiscal year ending March 31, 2019, the Group has adopted IFRS 15 "Revenue from Contracts with Customers". When applying IFRS 15, as a transition measure the Group applies this standard retrospectively with the cumulative effects of initially applying this standard recognized at the date of initial application.

In accordance with the adoption of IFRS 15, revenue is recognized based on the following five-step model.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

Main business lines of the Group are Industrial Tape, Optronics and Life Science, and in the business lines the Group sells a range of products and licenses its patents, technologies and etc.

Because customers obtain control over the products at the time of delivery, for sales of these products the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products. For manufacture and sales associated with part of medical products in Life Science, revenue is recognized according to the progress toward completion of the performance obligation.

As for the license business, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon provision or completion of the service to a customer based on the substantial content of the contract.

Furthermore, revenue is measured at the consideration promised in contracts with customers, less discounts, rebates, returned products, and other items.

The effect of the application of IFRS 15 on the Group's condensed interim consolidated financial statements is immaterial.

With the exception of the standards described above, the following is the accounting standard applied by the Group from fiscal year ending March 31, 2019, in compliance with its transitional provision. The effect of the application of the following standard on the Group's condensed interim consolidated financial statements is immaterial.

IFRS	Title	Summaries of new IFRS and amendments
IFRS 9 (Amended in 2014)	Financial Instruments	Amendments of financial instrument classification and measurement, impairment and hedge accounting



(Segment information)

Information regarding revenue, income, or loss by segments

Third quarter ended December 31, 2017 (April 1, 2017 through December 31, 2017)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	246,427	379,963	16,841	16,676	659,908	828	660,736
Inter-segment revenue	9,982	10,929	3,974	2,494	27,381	-27,381	-
Total segment revenue	256,409	390,892	20,815	19,171	687,289	-26,552	660,736
Total operating income (loss)	27,284	84,831	626	141	112,883	-3,620	109,263
Financial income							929
Financial expenses							-634
Equity in profits (losses) of affiliates							21
Income before income taxes							109,579

(Note) With the changes in the management structure that have been made during the fiscal year 2018 under review, partial changes have been made to reporting segments.

From the third quarter ended December 31, 2018, "royalty income", which was previously included in "other income" on the consolidated statements of income, is included in "revenue".

Such changes have also been reflected in the figures for the third quarter ended December 31, 2017.

Major products for each segment

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

Third quarter ended December 31, 2018 (April 1, 2018 through December 31, 2018)

(Yen in Millions)

	Industrial Tape	Optronics	Life Science	Others	Total	Adjustment	Quarterly consolidated statements of income
Revenue from outside customers	246,449	345,520	19,747	17,611	629,328	843	630,172
Inter-segment revenue	11,890	10,217	3,629	1,644	27,381	-27,381	-
Total segment revenue	258,340	355,737	23,376	19,255	656,710	-26,537	630,172
Total operating income (loss)	23,309	61,530	2,595	-1,356	86,078	-1,954	84,123
Financial income							820
Financial expenses							-1,873
Equity in profits (losses) of affiliates							34
Income before income taxes							83,105

(Adoption of IFRS 15 “Revenue from Contracts with Customers”)

The Group applied IFRS 15 “Revenue from Contracts with Customers” starting from the first quarter ended June 30, 2018 as stated in the Changes in accounting policies. In accordance with the transitional measures under IFRS 15, the cumulative effects are recognized as an adjustment to the opening balance of retained earnings for the first quarter ended June 30, 2018. Therefore, the Group does not restate the third quarter ended December 31, 2017 financial statements.

Major products for each segment

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

(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 January 31, 2018, the Company has acquired its treasury shares of 28,546 million yen. Pursuant to the resolution at the Board of Directors meeting of June 22, 2018, the Company has also disposed of its treasury shares of 141 million yen as remuneration for restricted shares, making the number of treasury shares at the third quarter of the fiscal year ending March 31, 2019 16,927 thousand, or the book balance of 98,270 million yen.

(Significant subsequent events)

Not applicable.