

Summary of Consolidated Financial Statements for the First Quarter Ended June 30, 2024 (IFRS Basis)

Listed company name: **Nitto Denko Corporation**
 Stock exchange listing: Tokyo Stock Exchange, Prime Market
 Code Number: 6988 URL <https://www.nitto.com/>
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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 for the three months ended June 30, 2024

(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 three months ended June 30, 2024	249,310	19.6	50,696	126.2	50,599	128.2	36,145	137.9	36,128	138.2	70,883	44.2
For the three months ended June 30, 2023	208,455	(3.7)	22,411	(41.8)	22,176	(42.7)	15,191	(42.6)	15,168	(42.6)	49,140	(19.7)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the three months ended June 30, 2024	257.27	257.17
For the three months ended June 30, 2023	105.52	105.48

(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 June 30, 2024	1,304,340	1,022,558	1,021,529	78.3
As of March 31, 2024	1,251,087	985,048	984,020	78.7

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March, 2024	-	130.00	-	130.00	260.00
March, 2025	-				
(Forecast)		140.00	-	28.00	-
March, 2025					

(Note) 1. Revision of dividend forecast in the current quarter: No

2. The Company resolved at a meeting of its Board of Directors on May 24, 2024, the stock split scheduled to be effective on October 1, 2024 with a record date of September 30, 2024. Each share common stock will be split into five shares. The above annual dividend per share forecast for the fiscal year ending March 31, 2025 is based on a number of shares taking into account the stock split. The total annual dividend per share forecast for the fiscal year ending March 31, 2025 is not presented because the total of the interim dividend and the year-end dividend cannot be calculated due to effect of the stock split. Without taking the stock split into account, the year-end dividend per share forecast for the fiscal year ending March 31, 2025 would be 140 yen and the total annual dividend per share forecast for the fiscal year ending March 31, 2025 would be 280 yen.

3. Forecast for fiscal year ending March 31, 2025

(% 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 Yen
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
First half	523,000	16.4	112,000	73.7	111,900	74.2	80,000	80.7	80,000	80.9	113.93
Annual	982,000	7.3	180,000	29.4	180,000	29.6	130,000	26.5	130,000	26.6	185.14

(Note) 1. Revision of consolidated forecast in the current quarter: Yes

2. The Company resolved at a meeting of its Board of Directors on May 24, 2024, the stock split scheduled to be effective on October 1, 2024 with a record date of September 30, 2024. Each share common stock will be split into five shares. The above basic earnings per share forecast for the fiscal year ending March 31, 2025 is based on the assumption that the stock split is conducted at the beginning of the fiscal year ending March 31, 2025. Without taking the stock split into account, the first half basic earnings per share forecast for the fiscal year ending March 31, 2025 would be 569.67 yen and the annual basic earnings per share forecast for the fiscal year ending March 31, 2025 would be 925.71 yen.

- Others

(1) Significant changes in the scope of consolidation during the period: 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 issued shares (Common stock)

1. Number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024: 143,551,735 As of March 31, 2024: 143,551,735

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

As of June 30, 2024: 3,199,585 As of March 31, 2024: 2,104,272

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

April-June 2024: 140,432,117 April-June 2023: 143,748,140

- Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

- 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. Overview of operating results, etc. (3) Explanation of forecasts and other projections” on page 6 of the Attachment to this summary of consolidated financial results.

(Attached Documents)

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1. Overview of operating results, etc

(1) Overview of operating results during the period

During the first quarter of the fiscal year ending March 31, 2025 (April 1, 2024 through June 30, 2024), the economic environment saw a change, as the European Central Bank (ECB) began to cut interest rates, reflecting the global monetary tightening associated with inflation. In the United States, signs of a slowdown in consumer spending have begun to emerge, and in the equity markets, expectations for the Federal Reserve Board (FRB) to cut interest rates are increasing. In China, personal consumption remained sluggish due to the prolonged real estate recession as well as further tightening in spending by the harsh employment environment, especially among young people. In Japan, corporate capital investment remained strong in addition to the strong business performance of export-oriented companies. On the other hand, the depreciation of the yen and the accompanying rise in prices have reduced consumer spending, weighing on economic recovery. In the foreign exchange market, the yen temporarily exceeded 160 yen to the dollar, a historic level of depreciation, as the timing of the start of interest rate cuts in the United States has not been fixed.

In the key markets of Nitto Group (the “Group”) under these circumstances, demand for our products increased due to higher-than-expected demand for high capacity Hard Disk Drives (HDDs) used in data centers and production being ahead of schedule in mobile devices and automotive displays.

The yen’s exchange rate against the U.S. dollar for the first quarter ended June 30, 2024 was 154.6 yen to the dollar, a 14.4% depreciation of the yen compared with the same period of the previous year, and the effect of the weaker yen increased operating profit by 11.3 billion yen.

As a result of the above, revenue increased by 19.6% from the same period of the previous year (changes hereafter are given in comparison with the same period of the previous year) to 249,310 million yen. Operating profit increased by 126.2% to 50,696 million yen, profit before income taxes increased by 128.2% to 50,599 million yen, net profit increased by 137.9% to 36,145 million yen, and net profit attributable to owners of the parent company increased by 138.2% to 36,128 million yen.

Summary of results by segment

① Industrial Tape

In Functional Base Products, revenue increased from the same period of the previous year. Demand for assembly materials used in high-end smartphones increased due to the expansion of models adopting these materials. Additionally, demand for process materials used in the production of semiconductor memories and ceramic capacitors continued its gradual recovery. In automotive materials, demand for insulation materials used in hybrid vehicles increased.

As a result of the above, revenue increased by 10.5% to 89,150 million yen and operating profit increased by 53.8% to 11,470 million yen.

② Optronics

In Information Fine Materials, revenue increased from the same period of the previous year. Demand for optical films and other peripheral materials increased, as the productions of Chinese high-end smartphones, Electric Vehicles (EV) and Plug-in Hybrid Electric Vehicles (PHEV) remained strong. Demand for transparent conductive films (ITO) for tablets also increased.

In Circuit Materials, revenue increased from the same period of the previous year. The spread of generative AI has pushed up the demand for storage used in data centers as well as for HDDs with higher capacity, and thus the demand for Circuit Integrated Suspension (CIS) increased significantly. In addition, demand for high-precision circuits used in high-end smartphones increased.

As a result of the above, revenue increased by 30.1% to 135,801 million yen and operating profit increased by 126.9% to 45,444 million yen.

③ Human Life

In Life Science, revenue increased from the same period of the previous year. In the oligonucleotide contract manufacturing business, while the revenue continues to be strained by the deteriorating nucleic acid drug market, demand for nucleic acid synthesis materials (NittoPhase™) increased. Additionally, preparation is underway at our new plant established in Massachusetts, United States for production of projects that are expected to be commercialized at a future date. In nucleic acid drug discovery, Phase 1 clinical trial of intractable cancer drug has been completed and the Group continues to work toward out-licensing its pipeline.

In Membrane (high-polymer separation membrane), revenue did not reach the level of the same period of the previous year. In addition to the strategic downsizing business for seawater desalination, 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. Profitability improved as revenue of new products in hygiene materials for diapers and environmentally friendly products using biodegradable technologies expanded.

As a result of the above, revenue increased by 7.6% to 31,517 million yen and operating loss amounted to 3,185 million yen. (operating loss of 2,937 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. Primarily, the Group is conducting kits sales of flexible sensor to developers.

As a result of the above, revenue decreased by 69.4% to 1 million yen and operating loss amounted to 1,756 million yen. (operating loss of 1,284 million yen was reported in the same period of the previous year)

		For the three months ended June 30, 2023	For the three months ended June 30, 2024	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	80,693	89,150	110.5
	Operating profit	7,457	11,470	153.8
Optronics	Information Fine Materials	86,645	105,111	121.3
	Circuit Materials	17,718	30,689	173.2
	Total	104,363	135,801	130.1
	Operating profit	20,032	45,444	226.9
Human Life	Life Science	9,140	10,173	111.3
	Membrane	8,294	8,201	98.9
	Personal Care Materials	11,843	13,141	111.0
	Total	29,278	31,517	107.6
	Operating profit	(2,937)	(3,185)	-
Others	Revenue	3	1	30.6
	Operating profit	(1,284)	(1,756)	-
Adjustment	Revenue	(5,884)	(7,159)	-
	Operating profit	(856)	(1,277)	-
Total	Revenue	208,455	249,310	119.6
	Operating profit	22,411	50,696	226.2

Forecasts of fiscal year ending March 31, 2025

		Revenue	Y-o-Y (%)
Industrial Tape	Revenue	369,500	104.9
	Operating profit	50,500	128.6
Optronics	Information Fine Materials	368,500	100.9
	Circuit Materials	124,000	118.6
	Total	492,500	104.8
	Operating profit	145,500	117.4
Human Life	Life Science	50,500	121.7
	Membrane	31,500	96.1
	Personal Care Materials	57,000	113.5
	Total	139,000	111.6
	Operating profit	(500)	-
Others	Revenue	-	-
	Operating profit	(7,500)	-
Adjustment	Revenue	(19,000)	-
	Operating profit	(8,000)	-
Total	Revenue	982,000	107.3
	Operating profit	180,000	129.4

(2) Overview of financial position during the period

The Group's financial position at the end of the first quarter of the fiscal year ending March 31, 2025 was as follows.

Compared with the end of the fiscal year ended March 31, 2024, total assets increased by 53,252 million yen to 1,304,340 million yen and total liabilities increased by 15,742 million yen to 281,781 million yen. Total equity increased by 37,509 million yen to 1,022,558 million yen. This was mainly due to a 17,740 million yen increase in retained earnings, a 15,014 million yen increase in treasury shares and a 34,783 million yen increase in other components of equity from the end of the fiscal year ended March 31, 2024. As a result, the ratio of equity attributable to owners of the parent company to total assets changed from 78.7% at the end of the fiscal year ended March 31, 2024 to 78.3% at the end of the first quarter of the fiscal year ending March 31, 2025.

The main changes in assets were a decrease in cash and cash equivalents of 26,487 million yen, an increase in trade and other receivables of 23,999 million yen, an increase in inventories of 9,131 million yen, an increase in other financial assets 3,242 million yen, an increase in other current assets of 10,901 million yen, an increase in property, plant and equipment of 20,825 million yen, an increase in right-of-use assets of 1,141 million yen, an increase in goodwill of 3,777 million yen, an increase in investments accounted for using equity method of 6,253 million yen, an increase in financial assets of 1,182 million yen. In terms of liabilities, trade and other payables increased by 7,182 million yen, income tax payables increased by 3,133 million yen, other current financial liabilities increased by 2,462 million yen, other current liabilities increased by 2,685 million yen.

(3) Explanation of forecasts and other projections

In the business environment surrounding the Group, revenue is expected to be boosted due to an increase in demand for CIS used in data centers and a weaker-than-expected yen exchange rate.

Given the financial results of the period under review and the circumstances described above, the full-year forecasts for the fiscal year ending March 31, 2025, were revised.

Revision of consolidated forecasts for the six months ending September 30, 2024 (April 1, 2024 through September 30, 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)	448,000	68,500	68,500	48,000	48,000	68.36
Revised forecast (B)	523,000	112,000	111,900	80,000	80,000	113.93
Difference (B) – (A)	75,000	43,500	43,400	32,000	32,000	-
Rate of change (%)	16.7	63.5	63.4	66.7	66.7	-
(Reference) Consolidated financial results for the six months ended September 30, 2023	449,344	64,472	64,240	44,264	44,216	61.78

Revision of consolidated forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 through March 31, 2025)

	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)	910,000	140,000	140,000	100,000	100,000	142.42
Revised forecast (B)	982,000	180,000	180,000	130,000	130,000	185.14
Difference (B) – (A)	72,000	40,000	40,000	30,000	30,000	-
Rate of change (%)	7.9	28.6	28.6	30.0	30.0	-
(Reference) Consolidated financial results for the fiscal year ended March 31, 2024	915,139	139,132	138,901	102,755	102,679	143.91

(Note) 1. 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. The Company resolved at a meeting of its Board of Directors on May 24, 2024, the stock split scheduled to be effective on October 1, 2024 with a record date of September 30, 2024. Each share common stock will be split into five shares. The above basic earnings per share forecast for the six months ending September 30, 2024 and for the fiscal year ending March 31, 2025 are based on the assumption that the stock split is conducted at the beginning of the fiscal year ending March 31, 2025. Without taking the stock split into account, the first half basic earnings per share forecast for the fiscal year ending March 31, 2025 would be 569.67 yen and the annual basic earnings per share forecast for the fiscal year ending March 31, 2025 would be 925.71 yen.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and cash equivalents	342,269	315,782
Trade and other receivables	209,341	233,340
Inventories	136,804	145,936
Other financial assets	5,220	8,462
Other current assets	24,321	35,223
Total current assets	717,957	738,745
Noncurrent assets		
Property, plant and equipment	378,535	399,360
Right-of-use assets	19,321	20,462
Goodwill	66,056	69,833
Intangible assets	20,674	20,796
Investments accounted for using equity method	2,115	8,369
Financial assets	9,192	10,374
Deferred tax assets	20,985	20,196
Other noncurrent assets	16,248	16,200
Total noncurrent assets	533,130	565,594
Total assets	1,251,087	1,304,340

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	98,965	106,148
Borrowings	345	338
Income tax payables	13,402	16,535
Other financial liabilities	38,396	40,859
Other current liabilities	55,746	58,431
Total current liabilities	<u>206,856</u>	<u>222,314</u>
Noncurrent liabilities		
Other financial liabilities	20,843	20,633
Defined benefit liabilities	33,130	33,649
Deferred tax liabilities	3,427	3,424
Other noncurrent liabilities	1,779	1,759
Total noncurrent liabilities	<u>59,182</u>	<u>59,467</u>
Total liabilities	<u>266,038</u>	<u>281,781</u>
Equity		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	49,928	49,928
Retained earnings	808,062	825,802
Treasury shares	(23,298)	(38,312)
Other components of equity	122,544	157,327
Total equity attributable to owners of the parent company	<u>984,020</u>	<u>1,021,529</u>
Noncontrolling interests	<u>1,028</u>	<u>1,028</u>
Total equity	<u>985,048</u>	<u>1,022,558</u>
Total liabilities and equity	<u>1,251,087</u>	<u>1,304,340</u>

(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 three month ended June 30, 2023	For the three month ended June 30, 2024
Revenue	208,455	249,310
Cost of sales	142,362	150,849
Gross profit	66,093	98,460
Selling, general and administrative expenses	35,778	37,194
Research and development expenses	10,864	11,123
Other income	4,841	2,806
Other expenses	1,880	2,251
Operating profit	22,411	50,696
Finance income	424	728
Finance expenses	665	709
Share of profit of investments accounted for using the equity method	5	(115)
Profit before income taxes	22,176	50,599
Income tax expenses	6,985	14,454
Net profit	15,191	36,145
Net profit attributable to:		
Owners of the parent company	15,168	36,128
Noncontrolling interests	22	17
Total	15,191	36,145
Earnings per share attributable to owners of the parent company		
Basic earnings per share (Yen)	105.52	257.27
Diluted earnings per share (Yen)	105.48	257.17

(Quarterly consolidated statement of comprehensive income)

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net profit	15,191	36,145
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	11	(6)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	33,888	34,539
Net changes in fair value of cash flow hedges	0	(0)
Share of other comprehensive income of investments accounted for using equity method	49	204
Total other comprehensive income	33,949	34,737
Total comprehensive income	49,140	70,883
Total comprehensive income attributable to:		
Owners of the parent company	49,116	70,862
Noncontrolling interests	24	20
Total	49,140	70,883

(3) Quarterly consolidated statement of changes in equity

For the three months ended June 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	-	-	15,168	-	-	15,168	22	15,191
Other comprehensive income	-	-	-	-	33,947	33,947	1	33,949
Total comprehensive income	-	-	15,168	-	33,947	49,116	24	49,140
Share based remuneration transactions	-	(47)	-	-	48	1	-	1
Dividends	-	-	(17,510)	-	-	(17,510)	(28)	(17,538)
Changes in treasury shares	-	(3)	-	(28,064)	-	(28,068)	-	(28,068)
Total transactions with owners	-	(51)	(17,510)	(28,064)	48	(45,577)	(28)	(45,605)
Balance as of June 30, 2023	26,783	49,996	783,928	(55,696)	100,738	905,750	979	906,729

For the three months ended June 30, 2024

(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, 2024	26,783	49,928	808,062	(23,298)	122,544	984,020	1,028	985,048
Net profit	-	-	36,128	-	-	36,128	17	36,145
Other comprehensive income	-	-	-	-	34,733	34,733	3	34,737
Total comprehensive income	-	-	36,128	-	34,733	70,862	20	70,883
Share based remuneration transactions	-	-	-	-	49	49	-	49
Dividends	-	-	(18,388)	-	-	(18,388)	(20)	(18,408)
Changes in treasury shares	-	-	-	(15,014)	-	(15,014)	-	(15,014)
Total transactions with owners	-	-	(18,388)	(15,014)	49	(33,352)	(20)	(33,373)
Balance as of June 30, 2024	26,783	49,928	825,802	(38,312)	157,327	1,021,529	1,028	1,022,558

(4) Quarterly consolidated statement of cash flows

(Millions of yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Cash flows from operating activities		
Profit before income taxes	22,176	50,599
Depreciation and amortization	14,801	15,839
Impairment losses	47	29
Increase (decrease) in defined benefit liabilities	382	515
Decrease (increase) in trade and other receivables	(11,099)	(14,612)
Decrease (increase) in inventories	2,449	(4,009)
Increase (decrease) in trade and other payables	4,690	5,622
Increase (decrease) in advances received	1,192	2,137
Interest and dividend income	320	619
Interest expenses paid	(124)	(151)
Income taxes (paid) refunded	(18,666)	(10,872)
Others	(4,599)	(14,157)
Net cash provided by (used in) operating activities	11,569	31,559
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(16,785)	(22,662)
Proceeds from sale of property, plant and equipment and intangible assets	20	69
Decrease (increase) in time deposits	33	(2,928)
Purchase of investment securities	(32)	(343)
Purchase of shares of subsidiaries and affiliates	-	(6,256)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	1,871	-
Others	0	(7)
Net cash provided by (used in) investing activities	(14,892)	(32,130)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(17)	(6)
Repayment of lease liabilities	(2,032)	(2,074)
Decrease (increase) in treasury shares	(28,115)	(15,014)
Cash dividends paid	(17,510)	(18,388)
Others	(33)	(28)
Net cash provided by (used in) financing activities	(47,708)	(35,511)
Effect of exchange rate changes on cash and cash equivalents	7,466	9,595
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	(41,645)	(26,487)
Cash and cash equivalents at the beginning of the period	329,966	342,269
Cash and cash equivalents at the end of the period	288,321	315,782

(5) Notes on quarterly consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on quarterly consolidated financial statements)

1. Reporting entity

Nitto Denko Corporation (the “Company”) is a corporation domiciled in Japan. The quarterly consolidated financial statements above comprise the Company and its subsidiaries (the “Group”) and the Group’s affiliates. The Group is engaged mainly in the “Industrial Tape business,” the “Optronics business,” the “Human Life business,” and “Others” (related businesses with a broad range of products). See “Segment information,” for details.

2. Basis of preparation

(1) Accounting standards compliance

The Group’s quarterly consolidated financial statements, which meet the requirements of a “specified company complying with any designated international accounting standards” defined in Article 1-2 of the Regulation on Consolidated Financial Statements, have been prepared in accordance with IAS 34 as prescribed in Article 312 of the Regulation on Consolidated Financial Statements. The quarterly consolidated financial statements should be read in conjunction with the Group’s consolidated financial statements for the fiscal year ended March 31, 2024, since the quarterly consolidated financial statements do not include all the information required in the annual consolidated financial statements.

(2) Presentation currency and units

The quarterly consolidated financial statements are presented in Japanese yen and figures less than a million yen are rounded down to the nearest million yen.

(3) Significant accounting estimates and judgments

When preparing the quarterly consolidated financial statements, management makes judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may vary from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis, and the effect of revised accounting estimates is recognized in the current and future accounting periods.

The quarterly consolidated financial statements are prepared based on the same judgments, estimations and assumptions as those applied and described in the Group’s consolidated financial statements for the fiscal year ended March 31, 2024

(4) Approval of the quarterly consolidated financial statements

The quarterly consolidated financial statements were approved by Hideo Takasaki, President, and Yasuhiro Iseyama, CFO on July 26, 2024.

3. Material accounting policies

Material accounting policies implemented in the quarterly consolidated financial statements are the same as the accounting policies implemented in the Group’s consolidated financial statements for the fiscal year ended March 31, 2024.

(Additional information)

(Stock split, partial amendment of articles of incorporation)

The Company resolved at a meeting of its Board of Directors on May 24, 2024, the stock split and partial amendment to the articles of incorporation.

1. Stock split

(1) Purpose of the stock split

The purpose is to lower the stock price per investment unit through the stock split, thereby creating more accessible investment environment for investors, and to expand the investor base and improve the liquidity of the Company's stock.

(2) Overview of stock split

① Method of the stock split

Each share of common stock owned by shareholders listed or recorded in the closing shareholder register on the record date of September 30, 2024, will be split into five shares.

② Number of shares to be increased by the stock split

Total number of issued shares before the stock split	143,551,735 shares
Number of shares to be increased by the stock split	574,206,940 shares
Total number of issued shares after the stock split	717,758,675 shares
Total number of authorized shares after the stock split	2,000,000,000 shares

(Note) The above total number of issued shares and number of shares to be increased are based on the total number of issued shares and outstanding as of June 30, 2024, and may change due to the exercise of stock acquisition rights to shares and cancellation of treasury shares between June 30, 2024, and the record date for the stock split.

③ Schedule for the stock split

Public notice of record date (scheduled)	September 10, 2024
Record date	September 30, 2024
Effective date	October 1, 2024

2. Impact on per share information

Per share information for the previous and current fiscal years, assuming that the stock split had been conducted at the beginning of the previous fiscal year, is as follows.

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Average number of issued shares during the period (excluding treasury shares) (Shares)	718,740,700	702,160,585
Basic earnings per share (Yen)	21.10	51.45
Diluted earnings per share (Yen)	21.10	51.43

3. Partial amendment to the articles of incorporation

(1) Reason for the amendment

In connection with the stock split, the Company will amend the total number of authorized shares described in Article 6 of the Company's articles of incorporation, effective as of October 1, 2024, pursuant to Article 184, Paragraph 2 of the Companies Act of Japan.

(2) Details of the amendment

Details of the amendment are as follows. (Underlined parts indicate the amendment.)

Current articles on incorporation	Articles on incorporation after the amendment
Article 6. (Total number of authorized shares) The total number of shares authorized to be issued by the Company shall be <u>400,000,000 shares</u> .	Article 6. (Total number of authorized shares) The total number of shares authorized to be issued by the Company shall be <u>2,000,000,000 shares</u> .

(3) Schedule for the amendment

Date of resolution of the Board of Directions	May 24, 2024
Effective date	October 1, 2024

4. Others

As the effective date of this stock split is October 1, 2024, the interim dividend for the fiscal year ending March 31, 2025, will be paid based on the number of shares before the stock split.

(Cancellation of treasury shares)

The Company resolved at the Board of Directors meeting held on June 21, 2024, to cancel a part of its treasury shares, in accordance with the basic policy on the holding and cancellation of its treasury shares, pursuant to the provisions of Article 178 of the Japanese Companies Act, as follows.

1. Details on the cancellation of the treasury shares

- (1) Class of shares to be cancelled: Common shares of the Company
- (2) Number of shares to be cancelled: 2,199,585 shares
(Ratio to the number of issued shares before cancellation: 1.5%)
- (3) Cancellation date: July 16, 2024

2. Basic Policy on the Holding and Cancellation of Treasury Shares

The number of treasury shares held by the Company increased due to the repurchase under the provisions of the Article 165 of the Japanese Companies Act conducted from February to May 2024. Therefore, we will cancel a part of the treasury shares based on our basic policy regarding holding and cancellation of treasury shares: "The Company's treasury shares that have been repurchased will continue to be held on the condition that their specific uses have been clearly defined (e.g., remuneration for Directors), and cancellation will be considered for any shares exceeding the required amount."

(Segment information)

(1) Outline of reportable segments

Reportable segments of the Group are determined as segments whose separate financial information is available among the constituent units of the Group and which are regularly used by the Board of Directors, the chief operating decision maker, to determine the allocation of management resources and to evaluate their business results.

The Group has divisions by product, and each division develops comprehensive domestic and overseas strategies for its products and conducts business activities.

The Group's segments are based on three product divisions, and its three reportable segments are the Industrial Tape segment the Optronics segment and the Human Life segment. Each reportable segment is grouped into one operating segment based on similarities in products, markets, and other aspects.

Intersegment revenue is based on prevailing market prices.

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

(2) Information regarding revenue, profit or loss by segments

Segment information regarding the Group's reportable segments is as follows.

For the three months ended June 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	79,508	101,115	27,568	208,192	3	208,196	259	208,455
Intersegment revenue	1,184	3,248	1,710	6,143	-	6,143	(6,143)	-
Total segment revenue	80,693	104,363	29,278	214,336	3	214,340	(5,884)	208,455
Operating profit (loss)	7,457	20,032	(2,937)	24,552	(1,284)	23,268	(856)	22,411
Finance income								424
Finance expenses								(665)
Share of profit of investments accounted for using the equity method								5
Profit before income taxes								22,176

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

For the three months ended June 30, 2024

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Figures in consolidated statement of income
	Industrial Tape	Optronics	Human Life	Total				
Revenue from external customers	87,918	131,833	29,283	249,034	1	249,036	274	249,310
Intersegment revenue	1,231	3,968	2,234	7,433	-	7,433	(7,433)	-
Total segment revenue	89,150	135,801	31,517	256,468	1	256,469	(7,159)	249,310
Operating profit (loss)	11,470	45,444	(3,185)	53,730	(1,756)	51,973	(1,277)	50,696
Finance income								728
Finance expenses								(709)
Share of profit of investments accounted for using the equity method								(115)
Profit before income taxes								50,599

(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 (1,277) million yen includes other incomes (losses) not allocated to each segment.

(Notes on dividends)

For the three months ended June 30, 2023

Resolution	Type of shares	Cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 23, 2023 Ordinary General Meeting of Shareholders	Common stock	17,510	120	March 31, 2023	June 26, 2023	Retained earnings

For the three months ended June 30, 2024

Resolution	Type of shares	Cash dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
June 21, 2024 Ordinary General Meeting of Shareholders	Common stock	18,388	130	March 31, 2024	June 24, 2024	Retained earnings

(Equity and other equity items)

(Repurchase of treasury shares)

Pursuant to the resolution at the Board of Directors meeting on January 26, 2024, the Company has acquired its treasury shares. According to this repurchase, treasury shares increased by 1,095 thousand and 15,014 million yen in the first quarter of the fiscal year ending March 31, 2025. As a result, the number of treasury shares at the end of the first quarter of the fiscal year ending March 31, 2025, was 3,199 thousand, and the book balance was 38,312 million yen.

(Revenue)

As described in (Segment information), the Group has three reportable segments which are the Industrial Tape segment the Optronics segment and the Human Life segment. The relationship between the disaggregated revenues and the revenues from external customers in each reportable segment is as follows.

For the three months ended June 30, 2023

(Millions of yen)

Segment name	Major products or business	Japan	Americas	Europe	Asia/ Oceania	Total
Industrial Tape	Functional Base Products	26,129	8,675	8,815	35,887	79,508
	Information Fine Materials	3,946	-	-	79,728	83,674
Optronics	Circuits Materials	7,492	-	-	9,948	17,440
	Total	11,438	-	-	89,676	101,115
	Life Science	905	7,134	0	-	8,039
Human Life	Membrane	624	3,893	1,099	2,163	7,781
	Personal Care Materials	-	1,154	10,488	104	11,747
	Total	1,529	12,182	11,588	2,268	27,568
Others	New Business, Other Products	0	3	-	-	3
Adjustment		259	-	-	-	259
	Total	39,358	20,860	20,404	127,832	208,455

Revenue by region is based on the location of each base, and the main countries and regions included in the classification other than Japan are as follows.

Americas: United States, Mexico, Brazil

Europe: Belgium, France, Germany, Sweden, Turkey

Asia/Oceania: China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand, Vietnam

For the three months ended June 30, 2024

(Millions of yen)

Segment name	Major products or business	Japan	Americas	Europe	Asia/ Oceania	Total
Industrial Tape	Functional Base Products	25,706	9,019	9,066	44,125	87,918
Optronics	Information Fine Materials	6,995	-	-	94,694	101,689
	Circuits Materials	13,491	-	-	16,652	30,143
	Total	20,486	-	-	111,346	131,833
Human Life	Life Science	882	8,159	-	-	9,041
	Membrane	598	3,807	1,333	1,454	7,194
	Personal Care Materials	-	984	11,976	85	13,047
	Total	1,480	12,952	13,310	1,540	29,283
Others	New Business, Other Products	-	1	-	-	1
Adjustment		274	-	-	-	274
	Total	47,947	21,973	22,377	157,012	249,310

Revenue by region is based on the location of each base, and the main countries and regions included in the classification other than Japan are as follows.

Americas: United States, Mexico, Brazil

Europe: Belgium, France, Germany, Sweden, Turkey

Asia/Oceania: China, Korea, Taiwan, Singapore, Malaysia, Hong Kong, Thailand, Vietnam

(Per share information)

Basic earnings per share, diluted earnings per share and basis for calculations are as follows.

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
(1) Basic earnings per share	105.52 yen	257.27 yen
Basis for calculation		
Net profit attributable to owners of the parent company (Millions of yen)	15,168	36,128
Average number of common shares (Thousands of shares)	143,748	140,432
(2) Diluted earnings per share	105.48 yen	257.17 yen
Basis for calculation		
Increase in the number of common stock upon exercise of the stock options (Thousands of shares)	53	50

(Significant subsequent events)

Not applicable.