

Preliminary

Summary of Consolidated Financial Statements for the Second Quarter Ended September 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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Filing date of semi-annual securities report: October 30, 2024
 Estimated starting date of dividend paying: November 29, 2024
 Preparation of supplementary explanatory materials: Yes
 Holding of 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, 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 six months ended September 30, 2024	521,723	16.1	109,267	69.5	108,932	69.6	80,009	80.8	79,975	80.9	57,652	(36.6)
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)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
For the six months ended September 30, 2024	113.92	113.88
For the six months ended September 30, 2023	61.78	61.75

(Note) The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above basic and diluted earnings per share for the six months ended September 30, 2023 and for the six months ended September 30, 2024 are based on the assumption that the stock split is conducted at the beginning of the fiscal year ended March 31, 2024.

(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, 2024	1,292,749	1,009,332	1,008,355	78.0
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	-	140.00			
(Forecast)			-	28.00	-
March, 2025					

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

2. The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been 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
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Annual	982,000	7.3	180,000	29.4	180,000	29.6	130,000	26.5	130,000	26.6	Yen 185.14

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

2. The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been 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 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 September 30, 2024: 706,760,750 As of March 31, 2024: 717,758,675

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

As of September 30, 2024: 4,907,760 As of March 31, 2024: 10,521,360

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

April- September 2024: 702,006,809 April- September 2023: 715,749,580

(Note) The Company has implemented the stock split with an effective date of October 1, 2024 and a record date of September 30, 2024. Each share of common stock has been split into five shares. The above “Number of issued shares at the end of the period”, “Number of treasury shares at the end of the period” and “Average number of issued shares during the period” are based on the assumption that the stock split is conducted at the beginning of the fiscal year ended March 31, 2024.

- These semi-annual securities reports are not subject to 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 the six months ended September 30, 2023	For the six months ended September 30, 2024	
		Revenue	Revenue	Y-o-Y (%)
Industrial Tape	Revenue	166,084	178,745	107.6
	Operating profit	17,390	25,375	145.9
Optronics	Information Fine Materials	182,273	213,672	117.2
	Circuit Materials	47,917	73,083	152.5
	Total	230,191	286,755	124.6
	Operating profit	57,874	96,115	166.1
Human Life	Life Science	19,286	21,031	109.0
	Membrane	16,314	17,246	105.7
	Personal Care Materials	25,534	26,907	105.4
	Total	61,135	65,184	106.6
	Operating profit	(5,427)	(4,560)	-
Others	Revenue	6	1	29.2
	Operating profit	(2,906)	(3,587)	-
Adjustment	Revenue	(8,073)	(8,963)	-
	Operating profit	(2,458)	(4,075)	-
Total	Revenue	449,344	521,723	116.1
	Operating profit	64,472	109,267	169.5

(Note) As a result of changes in the management structure made for the six months ended September 30, 2024, certain related businesses have been transferred from Industrial Tape to Optronics.

Such changes have been reflected in the figures for the six months ended September 30, 2023.

Forecasts of fiscal year ending March 31, 2025

		Revenue	Y-o-Y (%)
Industrial Tape	Revenue	356,000	105.4
	Operating profit	46,500	120.2
Optronics	Information Fine Materials	384,500	105.1
	Circuit Materials	127,000	121.4
	Total	511,500	108.7
	Operating profit	153,000	122.8
Human Life	Life Science	49,500	119.3
	Membrane	33,000	100.6
	Personal Care Materials	54,000	107.5
	Total	136,500	109.6
	Operating profit	(1,000)	-
Others	Revenue	-	-
	Operating profit	(7,500)	-
Adjustment	Revenue	(22,000)	-
	Operating profit	(11,000)	-
Total	Revenue	982,000	107.3
	Operating profit	180,000	129.4

2. Interim Consolidated Financial Statements

(1) Interim consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	342,269	340,298
Trade and other receivables	209,341	222,862
Inventories	136,804	143,048
Other financial assets	5,220	9,632
Other current assets	24,321	30,227
Total current assets	717,957	746,070
Noncurrent assets		
Property, plant and equipment	378,535	389,392
Right-of-use assets	19,321	19,737
Goodwill	66,056	64,086
Intangible assets	20,674	19,495
Investments accounted for using equity method	2,115	7,949
Financial assets	9,192	10,080
Deferred tax assets	20,985	19,896
Other noncurrent assets	16,248	16,041
Total noncurrent assets	533,130	546,678
Total assets	1,251,087	1,292,749

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	98,965	109,709
Borrowings	345	396
Income tax payables	13,402	26,365
Other financial liabilities	38,396	29,857
Other current liabilities	55,746	58,063
Total current liabilities	206,856	224,391
Noncurrent liabilities		
Other financial liabilities	20,843	20,342
Defined benefit liabilities	33,130	33,588
Deferred tax liabilities	3,427	3,124
Other noncurrent liabilities	1,779	1,968
Total noncurrent liabilities	59,182	59,024
Total liabilities	266,038	283,416
Equity		
Equity attributable to owners of the parent company		
Share capital	26,783	26,783
Capital surplus	49,928	49,889
Retained earnings	808,062	843,386
Treasury shares	(23,298)	(11,753)
Other components of equity	122,544	100,049
Total equity attributable to owners of the parent company	984,020	1,008,355
Noncontrolling interests	1,028	977
Total equity	985,048	1,009,332
Total liabilities and equity	1,251,087	1,292,749

(2) Interim consolidated statement of profit or loss and Interim consolidated statement of comprehensive income
(Interim consolidated statement of profit or loss)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Revenue	449,344	521,723
Cost of sales	291,972	312,522
Gross profit	157,371	209,200
Selling, general and administrative expenses	71,731	75,301
Research and development expenses	21,870	23,021
Other income	6,376	4,212
Other expenses	5,673	5,822
Operating profit	64,472	109,267
Finance income	1,029	1,482
Finance expenses	1,268	1,709
Share of profit of investments accounted for using the equity method	7	(107)
Profit before income taxes	64,240	108,932
Income tax expenses	19,976	28,922
Net profit	44,264	80,009
Net profit attributable to:		
Owners of the parent company	44,216	79,975
Noncontrolling interests	48	33
Total	44,264	80,009
Earnings per share attributable to owners of the parent company		
Basic earnings per share (Yen)	61.78	113.92
Diluted earnings per share (Yen)	61.75	113.88

(Interim consolidated statement of comprehensive income)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net profit	44,264	80,009
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	16	(25)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	46,607	(22,052)
Net changes in fair value of cash flow hedges	1	0
Share of other comprehensive income of investments accounted for using equity method	68	(278)
Total other comprehensive income	46,693	(22,356)
Total comprehensive income	90,958	57,652
Total comprehensive income attributable to:		
Owners of the parent company	90,907	57,620
Noncontrolling interests	51	32
Total	90,958	57,652

(3) Interim consolidated statement of changes in equity

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

For the six months ended September 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	-	-	79,975	-	-	79,975	33	80,009
Other comprehensive income	-	-	-	-	(22,355)	(22,355)	(1)	(22,356)
Total comprehensive income	-	-	79,975	-	(22,355)	57,620	32	57,652
Share based remuneration transactions	-	-	-	-	(139)	(139)	-	(139)
Dividends	-	-	(18,388)	-	-	(18,388)	(20)	(18,408)
Changes in treasury shares	-	(26,308)	-	11,544	-	(14,763)	-	(14,763)
Acquisition of NCI without change in control	-	6	-	-	-	6	(63)	(56)
Transfer from retained earnings to capital surplus	-	26,263	(26,263)	-	-	-	-	-
Total transactions with owners	-	(38)	(44,651)	11,544	(139)	(33,285)	(83)	(33,368)
Balance as of September 30, 2024	26,783	49,889	843,386	(11,753)	100,049	1,008,355	977	1,009,332

(4) Interim consolidated statement of cash flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	64,240	108,932
Depreciation and amortization	29,901	32,302
Impairment losses	65	193
Increase (decrease) in defined benefit liabilities	779	713
Decrease (increase) in trade and other receivables	(33,229)	(18,524)
Decrease (increase) in inventories	8,350	(9,557)
Increase (decrease) in trade and other payables	5,622	11,836
Increase (decrease) in advances received	(703)	1,096
Interest and dividend income	890	1,449
Interest expenses paid	(276)	(407)
Income taxes (paid) refunded	(20,657)	(15,815)
Others	(6,313)	(5,727)
Net cash provided by (used in) operating activities	<u>48,670</u>	<u>106,490</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(32,394)	(56,787)
Proceeds from sale of property, plant and equipment and intangible assets	59	85
Decrease (increase) in time deposits	454	(3,877)
Purchase of investment securities	(378)	(498)
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	5
Net cash provided by (used in) investing activities	<u>(30,386)</u>	<u>(67,328)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(8)	51
Repayment of lease liabilities	(3,323)	(3,207)
Decrease (increase) in treasury shares	(32,133)	(15,016)
Cash dividends paid	(17,510)	(18,388)
Others	(3)	(80)
Net cash provided by (used in) financing activities	<u>(52,979)</u>	<u>(36,640)</u>
Effect of exchange rate changes on cash and cash equivalents	10,289	(4,492)
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	<u>(22,485)</u>	<u>(1,970)</u>
Cash and cash equivalents at the beginning of the period	<u>329,966</u>	<u>342,269</u>
Cash and cash equivalents at the end of the period	<u><u>307,481</u></u>	<u><u>340,298</u></u>

(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 six months ended September 30, 2023

(Millions of yen)

	Reportable segments				Others	Total	Adjustment	Figures in consolidated statement of profit or loss
	Industrial Tape	Optronics	Human Life	Total				
Revenue from external customers	163,967	227,312	57,453	448,733	6	448,739	604	449,344
Intersegment revenue	2,117	2,879	3,681	8,678	-	8,678	(8,678)	-
Total segment revenue	166,084	230,191	61,135	457,411	6	457,417	(8,073)	449,344
Operating profit (loss)	17,390	57,874	(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.

3. As a result of changes in the management structure made for the six months ended September 30, 2024, certain related businesses have been transferred from Industrial Tape to Optronics.

Such changes have been reflected in the figures for the six months ended September 30, 2023.

For the six months ended September 30, 2024

(Millions of yen)

	Reporting segments				Others	Total	Adjustment	Figures in consolidated statement of profit or loss
	Industrial Tape	Optronics	Human Life	Total				
Revenue from external customers	176,542	283,689	60,805	521,037	1	521,038	684	521,723
Intersegment revenue	2,202	3,066	4,379	9,648	-	9,648	(9,648)	-
Total segment revenue	178,745	286,755	65,184	530,685	1	530,687	(8,963)	521,723
Operating profit (loss)	25,375	96,115	(4,560)	116,930	(3,587)	113,342	(4,075)	109,267
Finance income								1,482
Finance expenses								(1,709)
Share of profit of investments accounted for using the equity method								(107)
Profit before income taxes								108,932

(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 (4,075) million yen includes other incomes (losses) not allocated to each segment.