

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020
[Japanese Accounting Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

May 8, 2020

Name of listed company: LINTEC Corporation
Code number: 7966

Stock exchange listing: Tokyo Stock Exchange 1st Section
URL: <https://www.lintec-global.com/>

Representative: Makoto Hattori, President and CEO

For inquiries: Yoichi Shibano, Executive Officer and CFO Phone: +81-3-5248-7713

Scheduled date for ordinary general meeting of shareholders: June 22, 2020

Scheduled date for starting dividend payments: June 4, 2020

Scheduled date for filing annual securities report: June 22, 2020

Supplemental material on annual results: Yes

Presentation on annual results: None

(Amounts less than one million yen are omitted)

1. CONSOLIDATED BUSINESS RESULTS FOR THE FISCAL YEAR ENDED MARCH 31, 2020

(from April 1, 2019 to March 31, 2020)

(1) Consolidated Operating Results

(% represents year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2020	240,727	(4.1)	15,440	(14.1)	14,484	(19.5)	9,620	(25.6)
FY ended March 31, 2019	250,942	0.8	17,977	(10.5)	17,993	(2.2)	12,937	14.9

(Note) Comprehensive income: FY Ended March 31, 2020: 7,649 million yen, down 14.6%

FY Ended March 31, 2019: 8,954 million yen, down 28.1%

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY ended March 31, 2020	133.20	133.05	5.0	5.1	6.4
FY ended March 31, 2019	179.24	178.97	6.9	6.2	7.2

(Reference) Equity in net income of affiliates: FY ended March 31, 2020: — million yen FY ended March 31, 2019: — million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2020	278,972	192,298	68.7	2,653.80
As of March 31, 2019	290,320	190,226	65.3	2,625.54

(Reference) Shareholders' equity: As of March 31, 2020: 191,732 million yen As of March 31, 2019: 189,577 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 31, 2020	18,501	(13,818)	(10,284)	52,260
FY ended March 31, 2019	22,858	(10,299)	(8,246)	58,303

2. DIVIDENDS

	Cash dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 31, 2019	—	39.00	—	39.00	78.00	5,631	43.5	3.0
FY ended March 31, 2020	—	39.00	—	39.00	78.00	5,634	58.6	3.0
FY ending March 31, 2021 (forecasts)	—	39.00	—	39.00	78.00		51.2	

3. FORECASTS OF CONSOLIDATED BUSINESS RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2021 (from April 1, 2020 to March 31, 2021)

(% represents year-on-year changes)

Full year	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	240,000	(0.3)	15,000	(2.9)	15,000	3.6	11,000	14.3	152.25

* Notes

- (1) Changes in status of significant subsidiaries during the year (changes in status of specified subsidiaries accompanying changes in the scope of consolidation): None
Newly consolidated subsidiaries: - Subsidiaries excluded: -
- (2) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
(a) Changes in accounting principles due to revisions to accounting standards: Yes
(b) Changes other than (a): None
(c) Changes in accounting estimates: None
(d) Retrospective restatements: None
Note) For more details, refer to (Changes in Accounting Principles) on page 13 of the Attachment.
- (3) Number of outstanding shares (common stock):
(a) Number of outstanding shares at period-end (including treasury stock)
(b) Number of treasury stocks at period-end
(c) Average number of shares during the period

(a)	FY Ended March 31, 2020	76,600,940	FY Ended March 31, 2019	76,576,340
(b)	FY Ended March 31, 2020	4,352,574	FY Ended March 31, 2019	4,371,170
(c)	FY Ended March 31, 2020	72,230,793	FY Ended March 31, 2019	72,180,392

(Reference) Financial Highlights of the Company

Financial Highlights of the Company for the FY ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Operating results of the Company

(% represents year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2020	159,837	(5.2)	8,959	(4.2)	13,046	(31.1)	10,420	(32.1)
FY ended March 31, 2019	168,633	(1.0)	9,347	(29.5)	18,921	1.0	15,338	1.7

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY ended March 31, 2020	144.27		144.11	
FY ended March 31, 2019	212.50		212.19	

(2) Financial position of the Company

	Total assets		Net assets		Equity ratio		Net assets per share	
	Millions of yen		Millions of yen		%		Yen	
As of March 31, 2020	240,537		169,023		70.2		2,337.71	
As of March 31, 2019	249,696		164,506		65.8		2,276.10	

(Reference) Shareholders' equity: As of March 31, 2020: 168,895 million yen

As of March 31, 2019: 164,346 million yen

* This document is unaudited by certificated public accountants or audit firms.

* Explanation relating to the appropriate use of forecasts of business results and other items of note

- The forecasts included in this document are based on the currently available information and certain assumptions that we believe reasonable. Actual results, etc. may differ from projections due to a variety of reasons.
- Supplemental material will be posted on our website (<https://www.lintec-global.com>) in a timely manner.

【Attachment】

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1. Overview of Operating Results

(1) Overview of Operating Results in the Fiscal Year under Review

The global economy in the fiscal year under review remained solid owing to steady growth in the employment and income environments in the United States as well as moderate expansion in consumer spending in Europe. The Chinese economy continued to experience a deceleration in terms of both overseas and domestic demand amid the US-China trade friction. Meanwhile, Japan saw a recovery in the employment and income environments, but experienced a plunge in consumer spending, reflecting damages from natural disasters caused by devastating typhoons and others along with the impact of the consumption tax hike and a slowdown in exports amid a setback in the global economy. Furthermore, the global economic outlook has become even more challenging in the wake of the spread of the novel coronavirus disease (COVID-19) towards the end of the fiscal year under review.

In this business environment, the Group posted net sales of 240,727 million yen (down 4.1% year on year) and operating income of 15,440 million yen (down 14.1% year on year), attributable to the fact that there was a factor for profit increase due to a decline in pulp prices, but it could not cover the decline of the sales volume mainly due to the US-China trade friction. Meanwhile, ordinary income came to 14,484 million yen (down 19.5% year on year). Profit attributable to owners of parent totaled 9,620 million yen (down 25.6% year on year), primarily because of the posting of an impairment loss of goodwill of 545 million yen associated with a subsidiary in the United States.

The outline by segment was as follows:

[Printing and Industrial Materials Products]

	Previous consolidated fiscal year	Current consolidated fiscal year	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	122,935	122,436	(499)	(0.4)
Printing & Variable Information Products Operations	86,791	86,819	27	0.0
Industrial & Material Operations	36,144	35,617	(527)	(1.5)
Operating income	3,761	928	(2,832)	(75.3)

(Note) In April 2019, some of the labeling machines were transferred to Printing & Variable Information Products Operations from Industrial & Material Operations. The results for previous consolidated fiscal year are stated by reclassifying them.

In this segment, net sales were 122,436 million yen (down 0.4% year on year) and operating income was 928 million yen (down 75.3% year on year). Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

In adhesive products for seals and labels, domestic sales of products for food- and beverage-related applications remained weak as well as eye-catching labels for cosmetics, given the impact of the unseasonable weather conditions. Overseas, sales remained firm, largely aided by successful sales activities to develop new customers in the United States, partially offset by the economic setback in China. As a result, sales in this operation were 86,819 million yen (up 0.0% year on year).

(Industrial & Material Operations)

Sales of window films were well in Japan and overseas, but sales of motorcycle- and automobile-use adhesive products remained sluggish due to the effects of the stagnant Indian market. As a result, sales in this operation were 35,617 million yen (down 1.5% year on year).

[Electronic and Optical Products]

	Previous consolidated fiscal year	Current consolidated fiscal year	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	90,316	81,929	(8,386)	(9.3)
Advanced Materials Operations	52,330	47,654	(4,675)	(8.9)
Optical Products Operations	37,986	34,274	(3,711)	(9.8)
Operating income	11,150	10,981	(169)	(1.5)

(Note) In April 2019, optical device-related products were transferred to Optical Products Operations from Advanced Materials Operations. The results for previous consolidated fiscal year are stated by reclassifying them.

In this segment, net sales were 81,929 million yen (down 9.3% year on year) and operating income was 10,981 million yen (down 1.5% year on year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

Sales of semiconductor-related adhesive tapes increased chiefly thanks to a recovery in demand in the third quarter. Sales of semiconductor-related equipment, however, decreased significantly given the impact of restrained capital expenditure. With regard to sales of multilayer ceramic capacitor-related tapes, those for automobiles and smartphones both plummeted due to production adjustments in the market. As a result, sales in this operation were 47,654 million yen (down 8.9% year on year).

(Optical Products Operations)

In optical display-related adhesive products, sales of products for larger TV units were firm, but sales of products for small- and medium-sized products such as smartphones were weak, reflecting lackluster demand. As a result, sales in this operation were 34,274 million yen (down 9.8% year on year).

[Paper and Converted Products]

	Previous consolidated fiscal year	Current consolidated fiscal year	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 37,689	Millions of yen 36,361	Millions of yen (1,328)	% (3.5)
Fine & Specialty Paper Products Operations	16,672	16,744	71	0.4
Converted Products Operations	21,017	19,616	(1,400)	(6.7)
Operating income	2,970	3,502	532	17.9

In this segment, net sales were 36,361 million yen (down 3.5% year on year), and operating income was 3,502 million yen (up 17.9% year on year). Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of mainstay color papers for envelopes performed solidly and construction material papers and oil- and water-resistant papers for fast food also sold well. As a result, sales in this operation were 16,744 million yen (up 0.4% year on year).

(Converted Products Operations)

Sales of release papers for electronic materials were firm. However, sales of release papers for general-use adhesive products and release films for optical-related products were sluggish. As a result, sales in this operation were 19,616 million yen (down 6.7% year on year).

(2) Overview of Financial Position in the Fiscal Year under Review

(Assets)

Total assets at this consolidated fiscal year end were 278,972 million yen, a year-on-year decrease of 11,348 million yen.

Main factors of the change were as follows:

- Decrease in "Cash and deposits"	- 4,958 million yen
- Decrease in "Trade notes and accounts receivable"	- 6,583 million yen
- Increase in "Property, plant and equipment"	+ 5,350 million yen
- Decrease in "Goodwill"	- 4,009 million yen

(Liabilities)

Total liabilities at this consolidated fiscal year end were 86,674 million yen, a year-on-year decrease of 13,420 million yen.

Main factors of the change were as follows:

- Decrease in "Trade notes and accounts payable"	- 11,407 million yen
- Increase in "Current portion of long-term loans payable"	+ 6,201 million yen
- Decrease in "Long-term loans payable"	- 9,337 million yen
- Increase in "Net defined benefit liability"	+ 1,536 million yen

(Net Assets)

Net assets at this consolidated fiscal year end were 192,298 million yen, a year-on-year increase of 2,071 million yen.

Main factors of the change were as follows:

- Increase in "Retained earnings"	+ 3,987 million yen
- Decrease in "Foreign currency translation adjustments"	- 985 million yen

(3) Overview of Cash Flows in the Fiscal Year under Review

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2019)	Current consolidated fiscal year (FY ended March 31, 2020)	Increase (decrease)
Cash flows from operating activities	22,858	18,501	(4,356)
Cash flows from investing activities	(10,299)	(13,818)	(3,518)
Cash flows from financing activities	(8,246)	(10,284)	(2,038)
Effect of exchange rate change on cash and cash equivalents	(1,051)	(441)	610
Net increase (decrease) in cash and cash equivalents	3,260	(6,043)	(9,303)
Cash and cash equivalents at beginning of year	55,042	58,303	3,260
Increase in cash and cash equivalents from newly consolidated subsidiary	—	0	0
Cash and cash equivalents at end of year	58,303	52,260	(6,042)

Cash and cash equivalents at this consolidated fiscal year end were 52,260 million yen, a year-on-year decrease of 6,042 million yen. Cash flows in the fiscal year under review are as follows:

(Cash flows from operating activities)

Cash flows from operating activities decreased 4,356 million yen year on year, to a cash inflow of 18,501 million yen. The principal movements were as follows:

- Decrease in “Profit before income taxes”	– 4,399 million yen
- Increase in “Trade notes and accounts receivable”	+ 3,975 million yen
- Increase in “Inventories”	+ 2,945 million yen
- Decrease in “Trade notes and accounts payable”	– 10,310 million yen
- Increase in “Income taxes (paid) refund”	+ 1,399 million yen

(Cash flows from investing activities)

Cash flows from investing activities decreased 3,518 million yen year on year, to a cash outflow of 13,818 million yen. The principal movements were as follows:

- Decrease in “Payments into time deposits”	– 2,869 million yen
- Increase in “Proceeds from withdrawal of time deposits”	+ 2,912 million yen
- Decrease in “Purchase of property, plant and equipment”	– 1,675 million yen
- Decrease in “Proceeds from sales of property, plant and equipment”	– 857 million yen

(Cash flows from financing activities)

Cash flows from financing activities decreased 2,038 million yen year on year, to a cash outflow of 10,284 million yen. The principal movements were as follows:

- Decrease in “Increase (decrease) in short-term loans payable”	– 1,133 million yen
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(4) Outlook

The global economy in the fiscal year ending March 31, 2021 appears increasingly uncertain given the protracted US-China trade friction, the impact on economic activities from the global spread of COVID-19 and a number of associated risks.

While it is difficult to accurately predict when COVID-19 pandemic will end, the Company has established consolidated business results forecasts for the fiscal year ending March 31, 2021 based on the assumption of order decline due to a plunge in demand in numerous business areas in the first and the second quarter, followed by business activities returning to normal in or after the third quarter.

In the event that the consolidated business results forecasts require adjustment due to the protracted pandemic, the Company will promptly make an announcement. The forecasts are based on the assumption of foreign exchange rates at 105 yen per U.S. dollar, 0.0880 yen per Korean won, 14.8 yen per Chinese yuan and 3.4 yen per Taiwan dollar.

Net sales	240.0 billion yen (down 0.3% year on year)
Operating income	15.0 billion yen (down 2.9% year on year)
Ordinary income	15.0 billion yen (up 3.6% year on year)
Profit attributable to owners of parent	11.0 billion yen (up 14.3% year on year)

The above consolidated business results forecasts were prepared based on information assumed as of the date of the announcement, and actual results may differ from the forecasts due to a variety of factors in the future.

2. Basic Rationale for Selection of Accounting Standards

The Company prepares its consolidated financial statements in accordance with Japanese standards.

It will deal appropriately with the future introduction of the International Financial Reporting Standards (IFRS) by taking into account the progress of the adoption of the standards in Japan.

3. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	62,148	57,190
Trade notes and accounts receivable	69,479	62,896
Inventories	40,717	40,434
Other	3,337	3,222
Allowance for doubtful accounts	(85)	(82)
Total current assets	175,597	163,660
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	31,452	35,965
Machinery, equipment and vehicles (net)	25,055	26,822
Land	11,356	11,238
Construction in progress	5,507	2,708
Other (net)	1,758	3,747
Property, plant and equipment	75,131	80,481
Intangible assets		
Goodwill	25,359	21,350
Other	2,758	2,177
Intangible assets	28,117	23,527
Investments and other assets		
Investment securities	2,217	1,805
Deferred tax assets	6,988	7,562
Net defined benefit asset	–	4
Other	2,364	2,037
Allowance for doubtful accounts	(97)	(108)
Total investments and other assets	11,473	11,302
Total non-current assets	114,722	115,311
Total assets	290,320	278,972

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Trade notes and accounts payable	52,873	41,465
Short-term loans payable	2,531	1,580
Current portion of long-term loans payable	3,038	9,240
Accrued income taxes	2,429	2,638
Provision for directors' bonuses	69	59
Other	12,052	11,135
Total current liabilities	72,994	66,119
Non-current liabilities		
Long-term loans payable	11,622	2,285
Provision for environmental measures	112	111
Net defined benefit liability	14,841	16,378
Other	522	1,779
Total non-current liabilities	27,099	20,554
Total liabilities	100,094	86,674
Net Assets		
Shareholders' equity		
Common stock	23,220	23,249
Capital surplus	26,842	26,870
Retained earnings	145,484	149,471
Treasury stock	(7,642)	(7,610)
Total shareholders' equity	187,904	191,981
Accumulated other comprehensive income		
Net unrealized holding gain on securities	291	(36)
Foreign currency translation adjustments	5,178	4,193
Remeasurements of defined benefit plans	(3,796)	(4,405)
Total accumulated other comprehensive income	1,672	(248)
Share subscription rights	160	128
Non-controlling interests	488	437
Total net assets	190,226	192,298
Total liabilities and net assets	290,320	278,972

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2019)	Current consolidated fiscal year (FY ended March 31, 2020)
Net sales	250,942	240,727
Cost of sales	189,664	182,287
Gross profit	61,278	58,440
Selling, general and administrative expenses	43,300	42,999
Operating income	17,977	15,440
Non-operating income		
Interest income	272	300
Dividends income	257	52
Rent income	17	19
Gain on sales of noncurrent assets	6	14
Insurance income	68	22
Foreign exchange gains	293	–
Other income	348	292
Total non-operating income	1,265	701
Non-operating expenses		
Interest expenses	196	178
Loss on retirement of noncurrent assets	883	937
Compensation expenses	55	144
Foreign exchange losses	–	200
Other expenses	114	195
Total non-operating expenses	1,249	1,656
Ordinary income	17,993	14,484
Extraordinary gain		
Gain on sales of noncurrent assets	345	–
Total extraordinary gain	345	–
Extraordinary loss		
Impairment loss	–	545
Total extraordinary losses	–	545
Profit before income taxes	18,338	13,939
Income taxes	5,445	4,528
Deferred income taxes	(29)	(162)
Total income taxes	5,416	4,366
Profit	12,921	9,573
Profit (loss) attributable to non-controlling interests	(15)	(47)
Profit attributable to owners of parent	12,937	9,620

Statements of Comprehensive Income

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2019)	Current consolidated fiscal year (FY ended March 31, 2020)
Profit	12,921	9,573
Other comprehensive income		
Net unrealized holding gain / loss on securities	(366)	(327)
Foreign currency translation adjustments	(2,963)	(986)
Remeasurements of defined benefit plans	(636)	(609)
Total other comprehensive income / (loss)	(3,967)	(1,923)
Comprehensive income	8,954	7,649
(Comprehensive income attributable to)		
Owners of parent	8,970	7,699
Non-controlling interests	(15)	(50)

(3) Consolidated Statements of Changes in Shareholders' Equity

Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current term	23,201	26,829	137,743	(7,711)	180,062
Changes during current term					
Issuance of new shares	19	19			38
Cash dividends			(5,196)		(5,196)
Profit attributable to owners of parent			12,937		12,937
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(5)		69	64
Change of scope of consolidation					—
Net changes in items other than shareholders' equity during current term					
Total change during current term	19	13	7,741	68	7,842
Balance at end of current term	23,220	26,842	145,484	(7,642)	187,904

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current term	657	8,139	(3,157)	5,639	214	503	186,420
Changes during current term							
Issuance of new shares							38
Cash dividends							(5,196)
Profit attributable to owners of parent							12,937
Purchase of treasury stock							(1)
Disposal of treasury stock							64
Change of scope of consolidation							—
Net changes in items other than shareholders' equity during current term	(366)	(2,961)	(639)	(3,967)	(54)	(15)	(4,037)
Total change during current term	(366)	(2,961)	(639)	(3,967)	(54)	(15)	3,805
Balance at end of current term	291	5,178	(3,796)	1,672	160	488	190,226

Current consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current term	23,220	26,842	145,484	(7,642)	187,904
Changes during current term					
Issuance of new shares	28	28			57
Cash dividends			(5,633)		(5,633)
Profit attributable to owners of parent			9,620		9,620
Purchase of treasury stock				(1)	(1)
Disposal of treasury stock		(0)		33	32
Change of scope of consolidation			(0)		(0)
Net changes in items other than shareholders' equity during current term					
Total change during current term	28	28	3,987	32	4,076
Balance at end of current term	23,249	26,870	149,471	(7,610)	191,981

	Accumulated other comprehensive income				Share subscription rights	Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current term	291	5,178	(3,796)	1,672	160	488	190,226
Changes during current term							
Issuance of new shares							57
Cash dividends							(5,633)
Profit attributable to owners of parent							9,620
Purchase of treasury stock							(1)
Disposal of treasury stock							32
Change of scope of consolidation							(0)
Net changes in items other than shareholders' equity during current term	(327)	(985)	(608)	(1,921)	(32)	(50)	(2,004)
Total change during current term	(327)	(985)	(608)	(1,921)	(32)	(50)	2,071
Balance at end of current term	(36)	4,193	(4,405)	(248)	128	437	192,298

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2019)	Current consolidated fiscal year (FY ended March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	18,338	13,939
Depreciation	8,700	9,491
Amortization of goodwill	3,295	3,264
Increase (decrease) in net defined benefit liability	821	114
Increase (decrease) in allowance for doubtful accounts	(22)	9
Interest and dividend income	(530)	(352)
Interest expense	196	178
Increase (decrease) in provision for business structure improvement	(38)	–
Loss (gain) on sales of property, plant and equipment	(352)	(13)
Loss on retirement of property, plant and equipment	257	229
Decrease (increase) in trade notes and accounts receivable	2,410	6,385
Decrease (increase) in inventories	(2,720)	224
Increase (decrease) in trade notes and accounts payable	(1,015)	(11,325)
Loss (gain) on sales of investment securities	(1)	(4)
Increase (decrease) in provision for environmental measures	(19)	(1)
Impairment loss	–	545
Other	(1,027)	7
Subtotal	28,293	22,691
Interest and dividend income received	530	371
Interest expenses paid	(202)	(196)
Income taxes (paid) refund	(5,763)	(4,364)
Cash flows from operating activities	22,858	18,501

(Millions of yen)

	Previous consolidated fiscal year (FY ended March 31, 2019)	Current consolidated fiscal year (FY ended March 31, 2020)
Cash flows from investing activities		
Payments into time deposits	(7,269)	(10,139)
Proceeds from withdrawal of time deposits	6,000	8,913
Purchase of property, plant and equipment	(10,768)	(12,443)
Proceeds from sales of property, plant and equipment	944	86
Purchase of intangible assets	(151)	(158)
Purchase of investment securities	(4)	(66)
Proceeds from sales of investment securities	3	10
Proceeds from liquidation of subsidiaries	195	–
Payments of loans receivable	(21)	(3)
Collection of loans receivable	12	20
Other	759	(37)
Cash flows from investing activities	(10,299)	(13,818)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	212	(920)
Repayments of long-term loans payable	(3,039)	(3,021)
Cash dividends paid	(5,196)	(5,632)
Purchase of treasury stock	(1)	(1)
Repayment of lease obligation	(221)	(708)
Other	0	0
Cash flows from financing activities	(8,246)	(10,284)
Effect of exchange rate changes on cash and cash equivalents	(1,051)	(441)
Net Increase (decrease) in cash and cash equivalents	3,260	(6,043)
Cash and cash equivalents at beginning of year	55,042	58,303
Increase in cash and cash equivalents from newly consolidated subsidiary	–	0
Cash and cash equivalents at end of year	58,303	52,260

(5) Notes to Consolidated Financial Statements

(Notes on going concern)

Not applicable.

(Changes in Accounting Principles)

IFRS 16 “Leases” has been applied from the fiscal year under review, excluding the Company and domestic consolidated subsidiaries that adopt JGAAP and overseas consolidated subsidiaries that adopt USGAAP. Accordingly, Lessees post all leases in the balance sheet as assets and liabilities, in principle. In accordance with the transition provisions in IFRS 16 “Leases,” the standard has been adopted retrospectively, with the cumulative effect of initially applying this standard recognized on the date of initial application.

As a result, at the end of the fiscal year under review, “property, plant and equipment” was 1,808 million yen greater and “other” in current liabilities and in non-current liabilities were 506 million yen and 1,272 million yen greater, respectively, than if the former accounting standard was applied. The effect of this adjustment on the income or loss for the first nine months of the fiscal year under review is immaterial.

(Segment information, etc.)

1. Overview of reportable segments

(1) Decision procedures for reportable segments

The business segments are included in business units of our group and each of their financial statements is available separately and also, the segments are subject to a periodic review in order for the board of directors to make a decision on allocation of management resources and evaluate their performance.

Our group consists of six business operations, each of which draws up comprehensive strategies for overseas and domestic markets and conducts business activities.

Therefore, we treat these business divisions as units of identification for business segments and based on product manufacturing methods and similarity of the markets, we aggregate those divisions into three reportable segments, such as “Printing and Industrial Materials Products,” “Electronic and Optical Products” and “Paper and Converted Products”.

(2) Products and services handled in each segment

Main products and services handled in each reportable segment are as follows:

Reportable segments	Main products and services
Printing and Industrial Materials Products	Adhesive products for seals and labels, Labeling machines, Automobile-use adhesive products, Industrial-use adhesive tapes, Window films, Films for outdoor signs and advertising, Interior finishing mounting films
Electronic and Optical Products	Semiconductor-related adhesive tapes, Semiconductor-related equipment, Multilayer ceramic capacitor-related tapes, Optical display-related adhesive products
Paper and Converted Products	Color papers for envelopes, Colored construction papers, Special function papers, High-grade printing papers, High-grade papers for paper products, Release papers for adhesive products, Release films for optical-related products, Casting papers for synthetic leather, Casting papers for carbon fiber composite materials

2. Information on sales and income (loss), identifiable assets, and other items by reportable segment

Previous consolidated fiscal year (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable Segments				Adjustment (Note 1)	Consolidated Statements of Income (Note 2)
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total		
Net sales						
Net sales to outside customers	122,935	90,316	37,689	250,942	–	250,942
Intra-segments sales and transfers	61	43	16,513	16,618	(16,618)	–
Total	122,997	90,360	54,203	267,560	(16,618)	250,942
Segment income	3,761	11,150	2,970	17,882	95	17,977
Others						
Depreciation and amortization (Note 3)	3,403	3,190	2,107	8,700	–	8,700
Amortization of goodwill (Note 3)	3,295	–	–	3,295	–	3,295

Notes:

1. Segment income in each segment is adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the consolidated statements of income.
3. The amount to be written off as depreciation and amortization of goodwill are distributed by business segment on the basis of reasonable criteria.
4. Since companies, offices, and factories serve as the base for administrative classification of segments' assets, no allocation to the segments is done.

Current consolidated fiscal year (from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable Segments				Adjustment (Note 1)	Consolidated Statements of Income (Note 2)
	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total		
Net sales						
Net sales to outside customers	122,436	81,929	36,361	240,727	–	240,727
Intra-segments sales and transfers	58	41	16,699	16,799	(16,799)	–
Total	122,494	81,971	53,060	257,527	(16,799)	240,727
Segment income	928	10,981	3,502	15,412	27	15,440
Others						
Depreciation and amortization (Note 3)	4,056	3,445	1,989	9,491	–	9,491
Amortization of goodwill (Note 3)	3,264	–	–	3,264	–	3,264

Notes:

1. Segment income in each segment is adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the consolidated statements of income.
3. The amount to be written off as depreciation and amortization of goodwill are distributed by business segment on the basis of reasonable criteria.
4. Since companies, offices, and factories serve as the base for administrative classification of segments' assets, no allocation to the segments is done.

(Per share data)

	Previous consolidated fiscal year (FY ended March 31, 2019)	Current consolidated fiscal year (FY ended March 31, 2020)
Net assets per share	Yen 2,625.54	Yen 2,653.80
Net income per share	179.24	133.20
Diluted net income per share	178.97	133.05

(Note) 1. Calculation basis for net income per share and diluted net income per share

Item	Previous consolidated fiscal year (FY ended March 31, 2019)	Current consolidated fiscal year (FY ended March 31, 2020)
Net income per share		
Profit attributable to owners of parent (million yen)	12,937	9,620
Amount not attributable to common shareholders (million yen)	–	–
Profit attributable to owners of parent applicable to common stock (million yen)	12,937	9,620
Average number of shares of common stock outstanding during the fiscal year (thousand shares)	72,180	72,230
Diluted net income per share		
Diluted profit attributable to owners of parent (million yen)	–	–
Increase in common stock (thousand shares)	107	79
(Share warrant) (thousand shares)	(107)	(79)
Outline of dilutive shares not included in diluted net income per share since they have no dilutive effect		–

2. Calculation basis for net assets per share

Item	Previous consolidated fiscal year (As of March 31, 2019)	Current consolidated fiscal year (As of March 31, 2020)
Total net assets in the consolidated balance sheet (million yen)	190,226	192,298
Amount deducted from total net assets (million yen)	648	565
(Share warrant) (million yen)	(160)	(128)
(Non-controlling interests) (million yen)	(488)	(437)
Term-end net assets per common share (million yen)	189,577	191,732
Number of common stocks used in calculating net assets per share (thousand shares)	72,205	72,248

(Significant events after closing of the year)

Not applicable