

Consolidated Financial Results for the Six Months Ended September 30, 2020
[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

November 9, 2020

Name of listed company: LINTEC Corporation

Stock exchange listing: Tokyo Stock Exchange 1st Section

Code number: 7966

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Scheduled filing date for quarterly report: November 11, 2020

Scheduled date for dividend payments: November 27, 2020

Supplemental material on quarterly results: Yes

Presentation on quarterly results: None

(Amounts less than one million yen are omitted)

1. CONSOLIDATED BUSINESS RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

(from April 1, 2020 to September 30, 2020)

(1) Consolidated Operating Results (cumulative) (% represents changes over the same period in the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six Months Ended September 30, 2020	111,486	(6.1)	6,324	(9.0)	6,204	(4.4)	4,159	(8.4)
Six Months Ended September 30, 2019	118,765	(5.1)	6,948	(29.3)	6,490	(35.8)	4,542	(36.6)

(Note) Comprehensive income: Six Months Ended September 30, 2020: 2,526 million yen, up 7.8%
Six Months Ended September 30, 2019: 2,342 million yen, down 33.4%

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
Six Months Ended September 30, 2020	57.55		57.50	
Six Months Ended September 30, 2019	62.89		62.82	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of Yen		Millions of Yen		%	
As of September 30, 2020	274,991		192,078		69.7	
As of March 31, 2020	278,972		192,298		68.7	

(Reference) Shareholders' equity: As of September 30, 2020: 191,549 million yen As of March 31, 2020: 191,732 million yen

2. DIVIDENDS

	Cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen				
FY ended March 31, 2020	—	39.00	—	39.00	78.00
FY ending March 31, 2021	—	39.00			
FY ending March 31, 2021 (forecast)			—	39.00	78.00

(Note) Revision of the latest dividend forecast announced: None

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

(% represents changes over the previous fiscal 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
Full year	226,000	(6.1)	13,000	(15.8)	12,500	(13.7)	8,500	(11.7)	117.58

(Note) Revision of the latest consolidated results forecast announced: Yes

*Notes

- (1) Changes in status of significant subsidiaries during the quarter (changes in status of specified subsidiaries accompanying changes in consolidated range): None
Newly consolidated subsidiaries: - Subsidiaries excluded: -
- (2) Application of accounting treatment specific to preparing quarterly consolidated financial statements: None
- (3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
- (a) Changes in accounting principles due to revisions to accounting standards: None
 - (b) Changes other than (a): None
 - (c) Changes in accounting estimates: None
 - (d) Retrospective restatements: None
- (4) 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 (cumulative total for quarterly period)

(a)	Six Months Ended September 30, 2020	76,630,740	FY Ended March 31, 2020	76,600,940
(b)	Six Months Ended September 30, 2020	4,338,782	FY Ended March 31, 2020	4,352,574
(c)	Six Months Ended September 30, 2020	72,274,004	Six Months Ended September 30, 2019	72,221,032

*The current quarterly financial results are not subject to quarterly review procedures by certified public accountant or by auditing firm.

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

- The Company has revised the full year consolidated business results forecast that was published on May 8, 2020. For details, please see “(3) Explanation Regarding Information on Future Forecast, Including Forecast of Consolidated Business Results” on page 4 of the Attachment.
- 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 materials will be posted on our website (<https://www.lintec-global.com>) in a timely manner.

【Attachment】

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1. Qualitative Information on Financial Results for the Six Months Ended September 30, 2020

(1) Explanation Regarding Results of Operations

During the first six months of the fiscal year under review, sales of semiconductors and electronic components-related products remained strong, driven by robust demand. Meanwhile, demand for other products remained sluggish in general, due to the impact of the COVID-19 pandemic.

Consequently, the Group posted net sales of 111,486 million yen (down 6.1% year on year), operating income of 6,324 million yen (down 9.0% year on year), ordinary income of 6,204 million yen (down 4.4% year on year), and profit attributable to owners of parent of 4,159 million yen (down 8.4% year on year) during the period.

The outline by segment was as follows:

[Printing and Industrial Materials Products]

	Previous second quarter	Current second quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 61,292	Millions of yen 55,238	Millions of yen (6,054)	% (9.9)
Printing & Variable Information Products Operations	43,909	41,029	(2,879)	(6.6)
Industrial & Material Operations	17,383	14,208	(3,174)	(18.3)
Operating income (loss)	770	(934)	(1,705)	-

In this segment, net sales were 55,238 million yen (down 9.9% year on year) and operating loss was 934 million yen. Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

In adhesive products for seals and labels, domestic sales remained weak due to the decline in demand for products in many areas, including automobile and cosmetics applications, partially offset by firm demand for products related to medical and pharmaceutical applications. In overseas markets, sales in the United States remained more or less in line with the level of the corresponding period of the preceding fiscal year, while sales in China and ASEAN were sluggish. As a result, sales in this operation were 41,029 million yen (down 6.6% year on year).

(Industrial & Material Operations)

Given the impact of a decline in vehicle production, sales of motorcycle- and automobile-use adhesive products fell sharply, as did sales of window films. In addition, demand for films related to decorative applications was sluggish mainly due to the cancelation of various types of events. As a result, sales in this operation were 14,208 million yen (down 18.3% year on year).

[Electronic and Optical Products]

	Previous second quarter	Current second quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 38,896	Millions of yen 41,893	Millions of yen 2,996	% 7.7
Advanced Materials Operations	21,007	26,268	5,261	25.0
Optical Products Operations	17,888	15,624	(2,264)	(12.7)
Operating income	4,534	6,335	1,801	39.7

In this segment, net sales were 41,893 million yen (up 7.7% year on year) and operating income was 6,335 million yen (up 39.7% year on year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

With an increase in demand for 5G-related applications and personal computers attributable to teleworking, sales of semiconductor-related adhesive tapes, and semiconductor-related equipment as well as those of multilayer ceramic capacitor-related tapes remained strong. As a result, sales in this operation were 26,268 million yen (up 25.0% year on year).

(Optical Products Operations)

In optical display-related adhesive products, sales of products for TV units and small- and medium-sized products such as smartphones remained sluggish due to the impact of a fall in demand. As a result, sales in this operation were 15,624 million yen (down 12.7% year on year).

[Paper and Converted Products]

	Previous second quarter	Current second quarter	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	18,576	14,354	(4,221)	(22.7)
Fine & Specialty Paper Products Operations	8,506	6,969	(1,536)	(18.1)
Converted Products Operations	10,070	7,385	(2,685)	(26.7)
Operating income	1,588	845	(742)	(46.8)

In this segment, net sales were 14,354 million yen (down 22.7% year on year), and operating income was 845 million yen (down 46.8% year on year). Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of papers for envelopes were sluggish, reflecting lackluster demand due to teleworking, while those of colored construction papers also remained weak, affected by the closing of daycare centers and schools. Sales of oil- and water-resistant papers for fast food and theme park were similarly lackluster. As a result, sales in this operation were 6,969 million yen (down 18.1% year on year).

(Converted Products Operations)

There was a significant decline in sales, largely reflecting sluggish demand for casting papers for carbon fiber composite materials used by aircraft manufacturers and for synthetic leather used in shoes and automobiles. As a result, sales in this operation were 7,385 million yen (down 26.7% year on year).

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 274,991 million yen, a year-on-year decrease of 3,980 million yen. Main factors of the change were as follows:

- Increase in "Cash and deposits"	3,932 million yen
- Decrease in "Trade notes and accounts receivable"	- 6,938 million yen
- Increase in "Inventories"	1,094 million yen
- Decrease in "Goodwill"	- 1,948 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 82,913 million yen, a year-on-year decrease of 3,760 million yen. Main factors of the change were as follows:

- Decrease in "Trade notes and accounts payable"	- 2,965 million yen
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(Net Assets)

Total net assets at this consolidated quarter end were 192,078 million yen, a year-on-year decrease of 220 million yen. Main factors of the change were as follows:

- Increase in "Retained earnings"	1,341 million yen
- Decrease in "Foreign currency translation adjustments"	- 1,966 million yen

(3) Explanation Regarding Information on Future Forecast, Including Forecast of Consolidated Business Results

During the first six months of the fiscal year under review, many products other than those in semiconductor and electronics-related products saw a decline in demand, given the protracted trade friction between the United States and China and the COVID-19 pandemic. Consequently, business results for the period were grave, with a significant decline in the operation rate caused by a worse-than-expected reduction in orders received.

Under these circumstances, we expect the business environment surrounding the Group to remain unforeseeable from the third quarter of the current fiscal year, while demand for products is now beginning to show some signs of recovery at home and abroad.

Given this situation, we have revised the forecasts for the consolidated business results for the fiscal year ending March 31, 2021 that were announced on May 8, 2020 as follows:

Full-year consolidated business results forecasts for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Previous forecast (A)	240,000	15,000	15,000	11,000
New forecast (B)	226,000	13,000	12,500	8,500
Change (B-A)	(14,000)	(2,000)	(2,500)	(2,500)
Change (%)	(5.8)	(13.3)	(16.7)	(22.7)
(Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2020)	240,727	15,440	14,484	9,620

* The above forecasts are principally based on foreseeable economic situations, market trends and plans as of the date of announcement. Actual results may differ from those forecasts due to a variety of reasons.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	57,190	61,122
Trade notes and accounts receivable	62,896	55,957
Inventories	40,434	41,528
Other	3,222	2,898
Allowance for doubtful accounts	(82)	(87)
Total current assets	163,660	161,420
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	35,965	35,483
Machinery, equipment and vehicles (net)	26,822	28,219
Land	11,238	11,158
Construction in progress	2,708	2,207
Other (net)	3,747	3,395
Property, plant and equipment	80,481	80,464
Intangible assets		
Goodwill	21,350	19,401
Other	2,177	2,000
Intangible assets	23,527	21,401
Investments and other assets		
Other	11,410	11,814
Allowance for doubtful accounts	(108)	(108)
Total investments and other assets	11,302	11,705
Total non-current assets	115,311	113,571
Total assets	278,972	274,991

(Millions of yen)

	As of March 31, 2020	As of September 30,2020
Liabilities		
Current liabilities		
Trade notes and accounts payable	41,465	38,500
Short-term loans payable	1,580	1,561
Current portion of long-term loans payable	9,240	8,258
Accrued income taxes	2,638	2,413
Provision for directors' bonuses	59	25
Other	11,135	12,407
Total current liabilities	66,119	63,167
Non-current liabilities		
Long-term loans payable	2,285	1,639
Provision for environmental measures	111	111
Net defined benefit liability	16,378	16,595
Other	1,779	1,399
Total non-current liabilities	20,554	19,746
Total liabilities	86,674	82,913
Net Assets		
Shareholders' equity		
Common stock	23,249	23,285
Capital surplus	26,870	26,907
Retained earnings	149,471	150,813
Treasury stock	(7,610)	(7,586)
Total shareholders' equity	191,981	193,418
Accumulated other comprehensive income		
Net unrealized holding gain on securities	(36)	71
Foreign currency translation adjustments	4,193	2,226
Remeasurements of defined benefit plans	(4,405)	(4,167)
Total accumulated other comprehensive income	(248)	(1,869)
Share subscription rights	128	103
Non-controlling interests	437	425
Total net assets	192,298	192,078
Total liabilities and net assets	278,972	274,991

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Six Months Ended September 30, 2020

(Millions of yen)

	Previous consolidated fiscal year (Six months ended September 30, 2019)	Current consolidated fiscal year (Six months ended September 30, 2020)
Net sales	118,765	111,486
Cost of sales	90,308	84,823
Gross profit	28,456	26,662
Selling, general and administrative expenses	21,508	20,337
Operating income	6,948	6,324
Non-operating income		
Interest income	138	97
Dividend income	37	38
Gain on sales of noncurrent assets	3	11
Insurance income	10	19
Other income	170	232
Total non-operating income	360	400
Non-operating expenses		
Interest expenses	76	88
Loss on retirement of noncurrent assets	423	193
Foreign exchange losses	203	142
Compensation expenses	37	10
Other expenses	76	85
Total non-operating expenses	818	521
Ordinary income	6,490	6,204
Extraordinary gain		
Gain on sales of investment securities	–	30
Total extraordinary gain	–	30
Profit before income taxes	6,490	6,234
Income taxes	1,929	2,328
Deferred income taxes	44	(238)
Total income taxes	1,973	2,089
Profit	4,517	4,145
Profit (loss) attributable to non-controlling interests	(25)	(14)
Profit attributable to owners of parent	4,542	4,159

Consolidated Quarterly Statements of Comprehensive Income
Six Months Ended September 30, 2020

(Millions of yen)

	Previous consolidated fiscal year (Six months ended September 30, 2019)	Current consolidated fiscal year (Six months ended September 30, 2020)
Net income	4,517	4,145
Other comprehensive income		
Net unrealized holding gain on securities	46	107
Foreign currency translation adjustments	(2,381)	(1,966)
Remeasurements of defined benefit plans	160	240
Total other comprehensive income	(2,174)	(1,618)
Comprehensive income	2,342	2,526
(Comprehensive income attributable to)		
Owners of parent	2,369	2,538
Non-controlling interests	(26)	(12)

(3) Notes to Consolidated Quarterly Financial Statements

(Notes on Going Concern)

Not applicable.

(Notes on Significant Changes in the Amount of Total Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

I. Previous first quarter (from April 1, 2019 to September 30, 2019)

Information on sales and income or loss by reportable segment

(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	61,292	38,896	18,576	118,765	—	118,765
Intersegment sales and transfers	28	17	8,462	8,508	(8,508)	—
Total	61,321	38,913	27,039	127,274	(8,508)	118,765
Segment income	770	4,534	1,588	6,893	55	6,948

Notes:

1. Segment income in each segment was adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as operating income in the quarterly consolidated statements of income.

II. Current first quarter (from April 1, 2020 to September 30, 2020)

Information on sales and income or loss by reportable segment

(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	55,238	41,893	14,354	111,486	—	111,486
Intersegment sales and transfers	23	24	7,656	7,703	(7,703)	—
Total	55,261	41,917	22,011	119,190	(7,703)	111,486
Segment income (loss)	(934)	6,335	845	6,246	78	6,324

Notes:

1. Segment income in each segment was adjusted by eliminating the amount of intra-segments transactions.
2. Segment income is adjusted to be recorded as