

Consolidated Financial Results for the Nine Months Ended December 31, 2020
[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

February 10, 2021

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: February 12, 2021

Scheduled date for dividend payments: -

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 NINE MONTHS ENDED DECEMBER 31, 2020

(from April 1, 2020 to December 31, 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	%
Nine Months Ended December 31, 2020	171,768	(4.2)	11,700	(0.8)	11,454	1.4	7,936	(0.6)
Nine Months Ended December 31, 2019	179,307	(5.2)	11,799	(19.4)	11,292	(22.7)	7,985	(21.5)

(Note) Comprehensive income: Nine Months Ended December 31, 2020: 6,003 million yen, up 15.1%
Nine Months Ended December 31, 2019: 5,217 million yen, down 37.3%

	Net income per share		Net income per share (diluted)	
	Yen		Yen	
Nine Months Ended December 31, 2020	109.80		109.71	
Nine Months Ended December 31, 2019	110.56		110.44	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of Yen		Millions of Yen		%	
As of December 31, 2020	277,883		192,735		69.2	
As of March 31, 2020	278,972		192,298		68.7	

(Reference) Shareholders' equity: As of December 31, 2020: 192,219 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	Yen	Yen	Yen	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	233,000	(3.2)	16,000	3.6	15,500	7.0	10,500	9.1	145.24

(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)	Nine Months Ended December 31, 2020	76,630,740	FY Ended March 31, 2020	76,600,940
(b)	Nine Months Ended December 31, 2020	4,338,966	FY Ended March 31, 2020	4,352,574
(c)	Nine Months Ended December 31, 2020	72,279,990	Nine Months Ended December 31, 2019	72,226,833

*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 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 Nine Months Ended December 31, 2020

(1) Explanation Regarding Results of Operations

During the first nine 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 generally sluggish due to the impact of the COVID-19 pandemic, which was partially offset by a recovery in demand in the third quarter.

Consequently, the Group posted net sales of 171,768 million yen (down 4.2% year on year), operating income of 11,700 million yen (down 0.8% year on year), ordinary income of 11,454 million yen (up 1.4% year on year), and profit attributable to owners of parent of 7,936 million yen (down 0.6% year on year) during the period.

The outline by segment was as follows:

[Printing and Industrial Materials Products]

	Previous third quarter	Current third quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 91,890	Millions of yen 85,323	Millions of yen (6,566)	% (7.1)
Printing & Variable Information Products Operations	65,496	62,820	(2,675)	(4.1)
Industrial & Material Operations	26,393	22,502	(3,890)	(14.7)
Operating income (loss)	1,246	(517)	(1,763)	-

In this segment, net sales were 85,323 million yen (down 7.1% year on year) and operating loss was 517 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 labels used in a range of business areas including cosmetics, partially offset by solid sales of products for food and on-line sales business along with a recovery in demand for automobiles seen in the third quarter. 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 62,820 million yen (down 4.1% year on year).

(Industrial & Material Operations)

Sales of motorcycle- and automobile-use adhesive products fell significantly, as did sales of window films, reflecting the poor sales results in the first half of the year, partially offset by a recovery in demand in the third quarter. In addition, demand for films related to decorative applications was sluggish primarily due to the cancelation of various types of events. As a result, sales in this operation were 22,502 million yen (down 14.7% year on year).

[Electronic and Optical Products]

	Previous third quarter	Current third quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 59,925	Millions of yen 64,103	Millions of yen 4,178	% 7.0
Advanced Materials Operations	33,371	39,723	6,352	19.0
Optical Products Operations	26,554	24,380	(2,173)	(8.2)
Operating income	7,985	10,451	2,466	30.9

In this segment, net sales were 64,103 million yen (up 7.0% year on year) and operating income was 10,451 million yen (up 30.9% year on year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

With an increase in demand for 5G-related applications, personal computers and smartphones, 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 39,723 million yen (up 19.0% year on year).

(Optical Products Operations)

Sales of optical display-related adhesive products remained sluggish, primarily due to the poor performance in sales experienced during the first half, partially offset by a recovery in sales of products for large-screen TV units and smartphones in the third quarter. As a result, sales in this operation were 24,380 million yen (down 8.2% year on year).

[Paper and Converted Products]

	Previous third quarter	Current third quarter	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	27,491	22,341	(5,150)	(18.7)
Fine & Specialty Paper Products Operations	12,507	10,444	(2,063)	(16.5)
Converted Products Operations	14,984	11,896	(3,087)	(20.6)
Operating income	2,496	1,667	(829)	(33.2)

In this segment, net sales were 22,341 million yen (down 18.7% year on year), and operating income was 1,667 million yen (down 33.2% year on year). Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of mainstay color papers for envelopes, along with colored construction papers and oil- and water-resistant papers remained sluggish in general, reflecting weak demand. As a result, sales in this operation were 10,444 million yen (down 16.5% year on year).

(Converted Products Operations)

There was a recovery in demand during the third quarter for casting papers for synthetic leather used by auto manufacturers. Meanwhile there was a significant decline in sales, largely reflecting weak demand for casting papers for carbon fiber composite materials used by aircraft manufacturers, and for release papers for general-use adhesive products. As a result, sales in this operation were 11,896 million yen (down 20.6% year on year).

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 277,883 million yen, a year-on-year decrease of 1,088 million yen. Main factors of the change were as follows:

- Increase in "Cash and deposits"	2,540 million yen
- Decrease in "Inventories"	- 1,136 million yen
- Decrease in "Goodwill"	- 3,059 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 85,147 million yen, a year-on-year decrease of 1,526 million yen.

Main factors of the change were as follows:

- Increase in "Trade notes and accounts payable"	6,902 million yen
- Decrease in "Current portion of long-term loans payable"	- 8,101 million yen
- Decrease in "Accrued income taxes"	- 1,037 million yen

(Net Assets)

Total net assets at this consolidated quarter end were 192,735 million yen, a year-on-year increase of 437 million yen.

Main factors of the change were as follows:

- Increase in "Retained earnings"	2,298 million yen
- Decrease in "Foreign currency translation adjustments"	- 2,516 million yen

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

Given the electronic and optical products showing a better-than-expected recovery in sales along with a recovery in orders received for other products from the third quarter, the full-year consolidated results forecast for the fiscal year ending March 31, 2021 as announced on November 9, 2020 has been revised as described below:

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)	226,000	13,000	12,500	8,500
New forecast (B)	233,000	16,000	15,500	10,500
Change (B-A)	7,000	3,000	3,000	2,000
Change (%)	3.1	23.1	24.0	23.5
(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 December 31, 2020
Assets		
Current assets		
Cash and deposits	57,190	59,731
Trade notes and accounts receivable	62,896	62,339
Inventories	40,434	39,298
Other	3,222	4,917
Allowance for doubtful accounts	(82)	(85)
Total current assets	163,660	166,201
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	35,965	35,384
Machinery, equipment and vehicles (net)	26,822	27,641
Land	11,238	11,310
Construction in progress	2,708	2,285
Other (net)	3,747	3,415
Property, plant and equipment	80,481	80,039
Intangible assets		
Goodwill	21,350	18,290
Other	2,177	1,940
Intangible assets	23,527	20,231
Investments and other assets		
Other	11,410	11,519
Allowance for doubtful accounts	(108)	(108)
Total investments and other assets	11,302	11,411
Total non-current assets	115,311	111,682
Total assets	278,972	277,883

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Trade notes and accounts payable	41,465	48,368
Short-term loans payable	1,580	1,540
Current portion of long-term loans payable	9,240	1,138
Accrued income taxes	2,638	1,601
Provision for directors' bonuses	59	33
Other	11,135	11,986
Total current liabilities	66,119	64,669
Non-current liabilities		
Long-term loans payable	2,285	2,380
Provision for environmental measures	111	111
Net defined benefit liability	16,378	16,617
Other	1,779	1,369
Total non-current liabilities	20,554	20,478
Total liabilities	86,674	85,147
Net Assets		
Shareholders' equity		
Common stock	23,249	23,285
Capital surplus	26,870	26,907
Retained earnings	149,471	151,770
Treasury stock	(7,610)	(7,587)
Total shareholders' equity	191,981	194,375
Accumulated other comprehensive income		
Net unrealized holding gain on securities	(36)	216
Foreign currency translation adjustments	4,193	1,676
Remeasurements of defined benefit plans	(4,405)	(4,048)
Total accumulated other comprehensive income	(248)	(2,155)
Share subscription rights	128	103
Non-controlling interests	437	412
Total net assets	192,298	192,735
Total liabilities and net assets	278,972	277,883

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Nine Months Ended December 31, 2020

(Millions of yen)

	Previous consolidated fiscal year (Nine months ended December 31, 2019)	Current consolidated fiscal year (Nine months ended December 31, 2020)
Net sales	179,307	171,768
Cost of sales	135,232	129,380
Gross profit	44,075	42,388
Selling, general and administrative expenses	32,275	30,687
Operating income	11,799	11,700
Non-operating income		
Interest income	228	136
Dividend income	51	48
Gain on sales of noncurrent assets	7	11
Insurance income	19	47
Other income	240	324
Total non-operating income	547	568
Non-operating expenses		
Interest expenses	101	122
Loss on sales of noncurrent assets	0	13
Loss on retirement of noncurrent assets	653	272
Foreign exchange losses	133	282
Compensation expenses	40	19
Other expenses	126	105
Total non-operating expenses	1,055	814
Ordinary income	11,292	11,454
Extraordinary gain		
Gain on sales of investment securities	–	30
Total extraordinary gain	–	30
Profit before income taxes	11,292	11,484
Income taxes	2,977	3,396
Deferred income taxes	366	180
Total income taxes	3,344	3,576
Profit	7,947	7,908
Profit (loss) attributable to non-controlling interests	(38)	(27)
Profit attributable to owners of parent	7,985	7,936

Consolidated Quarterly Statements of Comprehensive Income
 Nine Months Ended December 31, 2020

(Millions of yen)

	Previous consolidated fiscal year (Nine months ended December 31, 2019)	Current consolidated fiscal year (Nine months ended December 31, 2020)
Net income	7,947	7,908
Other comprehensive income		
Net unrealized holding gain on securities	6	252
Foreign currency translation adjustments	(3,019)	(2,517)
Remeasurements of defined benefit plans	282	360
Total other comprehensive income	(2,730)	(1,904)
Comprehensive income	5,217	6,003
(Comprehensive income attributable to)		
Owners of parent	5,256	6,028
Non-controlling interests	(39)	(25)

(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 third quarter (from April 1, 2019 to December 31, 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	91,890	59,925	27,491	179,307	—	179,307
Intersegment sales and transfers	46	31	12,683	12,761	(12,761)	—
Total	91,936	59,957	40,175	192,069	(12,761)	179,307
Segment income	1,246	7,985	2,496	11,728	71	11,799

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 third quarter (from April 1, 2020 to December 31, 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	85,323	64,103	22,341	171,768	—	171,768
Intersegment sales and transfers	41	29	11,835	11,906	(11,906)	—
Total	85,364	64,133	34,176	183,674	(11,906)	171,768
Segment income (loss)	(517)	10,451	1,667	11,602	98	11,700

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.