

Consolidated Financial Results for the Three Months Ended June 30, 2021
[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

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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: August 10, 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 THREE MONTHS ENDED JUNE 30, 2021
(from April 1, 2021 to June 30, 2021)

(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	%
Three Months Ended June 30, 2021	62,377	11.3	6,405	80.7	6,935	99.4	5,455	125.3
Three Months Ended June 30, 2020	56,023	(4.3)	3,545	16.9	3,478	24.4	2,421	29.1

(Note) Comprehensive income: Three Months Ended June 30, 2021: 10,122 million yen (—)
Three Months Ended June 30, 2020: 555 million yen, down 75.0%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Three Months Ended June 30, 2021	75.45	75.40
Three Months Ended June 30, 2020	33.52	33.48

(Note) Because the percentage change in comprehensive income for the first quarter of the fiscal year under review over the same period in the previous fiscal year exceeded 1000%, it is shown as “—.”

(Note) The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 dated March 31, 2020), etc. is applied at the beginning of the first quarter of the fiscal year under review. For details, please refer to Attachment (page 8: “Change in Accounting Principles” and page 9: “Segment Information”).

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2021	290,650	204,696	70.3
As of March 31, 2021	280,262	197,350	70.2

(Reference) Shareholders' equity: As of June 30, 2021: 204,197 million yen As of March 31, 2021: 196,847 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, 2021	—	39.00	—	39.00	78.00
FY ending March 31, 2022	—				
FY ending March 31, 2022 (forecast)		39.00	—	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, 2022 (from April 1, 2021 to March 31, 2022)

(% represents changes over the same period in 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	240,000	—	17,500	—	17,500	—	12,500	—	172.91

(Note) Revision of the latest consolidated results forecast announced: None

(Note) As the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) is applied from the beginning of the fiscal year

ending March 31, 2022, the above forecasts of consolidated business results show figures after said accounting standard is applied and year-on-year changes are not indicated.

*Notes

- (1) Changes in status of significant subsidiaries during the quarter (changes in status of specified subsidiaries accompanying changes in consolidated range): Yes
Newly consolidated subsidiaries: 1 (Name of company) Mactac, Inc.
Subsidiaries excluded: -
Note) For more details, refer to (3) Notes to Consolidated Quarterly Financial Statements (Changes in Status of Significant Subsidiaries During the Quarter) on page 8 of the attachment.
- (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: Yes
(b) Changes other than (a): None
(c) Changes in accounting estimates: None
(d) Retrospective restatements: None
Note) For more details, refer to (3) Notes to Consolidated Quarterly Financial Statements (Change in Accounting Principles) on page 8 of the attachment.
- (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)	Three Months Ended June 30, 2021:	76,647,540	FY Ended March 31, 2021	76,630,740
(b)	Three Months Ended June 30, 2021:	4,334,323	FY Ended March 31, 2021	4,336,994
(c)	Three Months Ended June 30, 2021:	72,304,555	Three Months Ended June 30, 2020	72,260,818

*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 Three Months Ended June 30, 2021

(1) Explanation Regarding Results of Operations

During the first quarter of the fiscal year under review, sales of semiconductors and electronic components-related products remained strong, driven by robust demand. Moreover, sales of other products were generally solid, attributable to a recovery in demand compared to a year ago when the impact of the COVID-19 pandemic was significant.

Consequently, the Group posted net sales of 62,377 million yen (up 11.3% year on year), operating income of 6,405 million yen (up 80.7% year on year), ordinary income of 6,935 million yen (up 99.4% year on year), and profit attributable to owners of parent of 5,455 million yen (up 125.3% year on year) during the period.

Net sales decreased 2,844 million yen, due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29).

The outline by segment was as follows:

[Printing and Industrial Materials Products]

	Previous first quarter	Current first quarter	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	28,223	31,229	3,005	10.6
Printing & Variable Information Products Operations	21,674	23,528	1,854	8.6
Industrial & Material Operations	6,549	7,700	1,151	17.6
Operating income (loss)	(381)	757	1,138	—

Note) From the beginning of the fiscal year ending March 31, 2022, all products related to Industrial & Material Operations at Mactac Americas, LLC are transferred to Printing & Variable Information Products Operations. The results for previous first quarter are stated by reclassifying them.

In this segment, net sales were 31,229 million yen (up 10.6% year on year) and operating income was 757 million yen. Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

In adhesive products for seals and labels, domestic demand for food and on-line sales business remained firm, while demand for seals and labels used in cosmetic, medical and pharmaceutical-related fields and beverage-related campaigns was sluggish. In overseas markets, sales in the United States, China and ASEAN were solid. As a result, sales in this operation were 23,528 million yen (up 8.6% year on year).

(Industrial & Material Operations)

Demand for automobile-use adhesive products and window films showed significant recovery both in domestic and overseas markets, and sales of other products also remained firm. As a result, sales in this operation were 7,700 million yen (up 17.6% year on year).

[Electronic and Optical Products]

	Previous first quarter	Current first quarter	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	20,303	22,592	2,288	11.3
Advanced Materials Operations	12,602	16,816	4,213	33.4
Optical Products Operations	7,700	5,776	(1,924)	(25.0)
Operating income	3,380	4,903	1,522	45.0

Note) From the beginning of the fiscal year ending March 31, 2022, some products are transferred to Electronic and Optical Products from Paper and Converted Products. The results for previous first quarter are stated by reclassifying them.

In this segment, net sales were 22,592 million yen (up 11.3% year on year) and operating income was 4,903 million yen (up 45.0% year on year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

With an increase in demand for 5G smartphones and car electronics as well as for personal computers associated with expanding teleworking, sales of semiconductor-related adhesive tapes, semiconductor-related equipment and multilayer ceramic capacitor-related tapes remained strong. As a result, sales in this operation were 16,816 million yen (up 33.4% year on year).

(Optical Products Operations)

Sales of optical display-related adhesive products remained firm, attributable to increased demand for products for large-screen TV units and other small and midsize products, including smartphones. Net sales decreased significantly, reflecting the impact of the application of the Accounting Standard for Revenue Recognition. As a result, sales in this operation were 5,776 million yen (down 25.0% year on year).

[Paper and Converted Products]

	Previous first quarter	Current first quarter	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	7,495	8,555	1,060	14.1
Fine & Specialty Paper Products Operations	3,740	4,056	315	8.4
Converted Products Operations	3,754	4,499	745	19.8
Operating income	529	729	200	37.9

Note) From the beginning of the fiscal year ending March 31, 2022, some products are transferred to Electronic and Optical Products from Paper and Converted Products. The results for previous first quarter are stated by reclassifying them.

In this segment, net sales were 8,555 million yen (up 14.1% year on year), and operating income was 729 million yen (up 37.9% year on year). Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Although sales of mainstay papers for envelopes were on par with the level of the same period a year ago, demand for industrial specialty papers and oil- and water-resistant papers for the fast food industry recovered. As a result, sales in this operation were 4,056 million yen (up 8.4% year on year).

(Converted Products Operations)

Demand for casting papers for synthetic leather used by auto manufacturers recovered significantly. Moreover, sales of release papers for electronics components were favorable. As a result, sales in this operation were 4,499 million yen (up 19.8% year on year)

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 290,650 million yen, a year-on-year increase of 10,387 million yen. Main factors of the change were as follows:

- Decrease in "Cash and deposits"	- 2,156 million yen
- Increase in "Inventories"	3,837 million yen
- Increase in "Property, plant and equipment"	7,989 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 85,954 million yen, a year-on-year increase of 3,041 million yen. Main factors of the change were as follows:

- Increase in "Current portion of long-term loans payable"	1,208 million yen
- Decrease in "Accrued income taxes"	- 1,469 million yen

(Net Assets)

Total net assets at this consolidated quarter end were 204,696 million yen, a year-on-year increase of 7,345 million yen. Main factors of the change were as follows:

- Increase in "Retained earnings"	2,636 million yen
- Increase in "Foreign currency translation adjustments"	4,540 million yen

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

For the full year consolidated results forecast, the results forecast published on May 10, 2021 remains unchanged.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	61,823	59,667
Trade notes and accounts receivable	64,636	–
Notes and accounts receivable - trade and contract assets	–	63,743
Inventories	38,432	42,270
Other	5,249	7,218
Allowance for doubtful accounts	(45)	(60)
Total current assets	170,098	172,838
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	35,235	38,519
Machinery, equipment and vehicles (net)	28,382	31,156
Land	11,327	11,596
Construction in progress	1,398	1,759
Other (net)	3,463	4,765
Property, plant and equipment	79,807	87,796
Intangible assets		
Goodwill	16,981	17,360
Other	2,004	2,066
Intangible assets	18,986	19,426
Investments and other assets		
Other	11,487	10,705
Allowance for doubtful accounts	(116)	(117)
Total investments and other assets	11,371	10,588
Total non-current assets	110,164	117,811
Total assets	280,262	290,650

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Trade notes and accounts payable	44,835	46,043
Short-term loans payable	1,516	1,592
Current portion of long-term loans payable	1,217	1,216
Accrued income taxes	3,414	1,944
Provision for directors' bonuses	53	14
Other	12,467	15,420
Total current liabilities	63,506	66,232
Non-current liabilities		
Long-term loans payable	2,546	1,935
Provision for environmental measures	111	111
Net defined benefit liability	15,431	15,397
Other	1,317	2,278
Total non-current liabilities	19,406	19,721
Total liabilities	82,912	85,954
Net Assets		
Shareholders' equity		
Common stock	23,285	23,306
Capital surplus	26,907	26,928
Retained earnings	155,241	157,877
Treasury stock	(7,583)	(7,579)
Total shareholders' equity	197,850	200,533
Accumulated other comprehensive income		
Net unrealized holding gain on securities	382	387
Foreign currency translation adjustments	1,547	6,087
Remeasurements of defined benefit plans	(2,932)	(2,811)
Total accumulated other comprehensive income	(1,002)	3,664
Share subscription rights	99	93
Non-controlling interests	403	404
Total net assets	197,350	204,696
Total liabilities and net assets	280,262	290,650

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Three Months Ended June 30, 2021

(Millions of yen)

	Previous consolidated fiscal year (Three months ended June 30, 2020)	Current consolidated fiscal year (Three months ended June 30, 2021)
Net sales	56,023	62,377
Cost of sales	42,111	45,322
Gross profit	13,911	17,055
Selling, general and administrative expenses	10,366	10,649
Operating income	3,545	6,405
Non-operating income		
Interest income	54	33
Dividend income	36	249
Gain on sales of non-current assets	9	0
Foreign exchange gains	–	223
Insurance income	4	1
Other income	97	98
Total non-operating income	203	606
Non-operating expenses		
Interest expenses	46	32
Loss on sales of non-current assets	0	2
Loss on retirement of non-current assets	117	26
Foreign exchange losses	60	–
Compensation expenses	5	5
Other expenses	41	9
Total non-operating expenses	270	77
Ordinary income	3,478	6,935
Extraordinary gain		
Gain on sales of investment securities	–	13
Gain on bargain purchase	–	260
Total extraordinary gain	–	273
Profit before income taxes	3,478	7,208
Income taxes	664	1,220
Deferred income taxes	408	532
Total income taxes	1,072	1,753
Profit	2,405	5,455
Profit (loss) attributable to non-controlling interests	(16)	0
Profit attributable to owners of parent	2,421	5,455

Consolidated Quarterly Statements of Comprehensive Income
 Three Months Ended June 30, 2021

(Millions of yen)

	Previous consolidated fiscal year (Three months ended June 30, 2020)	Current consolidated fiscal year (Three months ended June 30, 2021)
Net income	2,405	5,455
Other comprehensive income		
Net unrealized holding gain on securities	103	4
Foreign currency translation adjustments	(2,068)	4,541
Remeasurements of defined benefit plans	115	120
Total other comprehensive income	(1,849)	4,667
Comprehensive income	555	10,122
(Comprehensive income attributable to)		
Owners of parent	572	10,121
Non-controlling interests	(17)	0

(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.

(Changes in Status of Significant Subsidiaries During the Quarter)

Duramark Products, Inc. acquired during the first quarter of the fiscal year under review (date of acquisition: April 1, 2021. The name of the company was changed to Mactac, Inc. as of April 8, 2021) is included in the scope of consolidation from the first quarter.

(Change in Accounting Principles)

(Application of the Accounting Standard for Revenue Recognition, etc)

The Company started to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 dated March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), etc. at the beginning of the first quarter of the fiscal year under review. Under this standard, revenue is recognized, when the Company transfers the control of a promised good or service to a customer, in an amount that the Company expects to receive in exchange for such good or service.

Accordingly, in charged supplying transactions in which the Company purchases raw materials, etc. from a customer, conducts processing and sells the finished good to the customer, only an amount equivalent to processing costs, excluding purchase prices of raw materials, etc., is recognized as a net amount of revenue, compared to the previous method of recognizing revenue based on a total amount including purchase prices of raw materials, etc.

In charged supplying transactions with repurchase obligations, the Company has changed to a method of not to recognize extinction an item supplied for a fee, while in the previous method such supplied item was recognized extinction. In export sales, compared to the previous method of recognizing revenue on a shipping basis, the Company has changed to a method of recognizing revenue when risk burden is transferred to a customer according to trade conditions specified by Incoterms, etc.

Regarding compensation paid to a customer, including sales cooperation money, it is now deducted from net sales, compared to the previous method of posting as selling, general and administrative expenses.

The Revenue Recognition Accounting Standard is applied according to the provisional measures stipulated in the proviso in Paragraph 84 of the standard. With respect to the application of a new accounting principle, it is applied to the balance of retained earnings at the beginning of the first quarter of the fiscal year under review. This balance of retained earnings is obtained through calculation using the cumulative amount of the impact from retrospective application of the new accounting principle to periods prior to the beginning of the first quarter, either by adding it to or deducting it from the retained earnings.

As a result, net sales, cost of sales, selling, general and administrative expenses, operating income, ordinary income and profit before income taxes for the first quarter of the fiscal year under review decreased by 2,844 million yen, 2,782 million yen, 24 million yen, 37 million yen, 21 million yen and 21 million yen, respectively. The impact on the balance of retained earnings at the beginning of the fiscal year was minor.

With the application of the Revenue Recognition Accounting Standard, etc. "trade notes and accounts receivable" posted under "current assets" on the balance sheet of the previous fiscal year is posted as "notes and accounts receivable - trade and contract assets" from the first quarter of the fiscal year under review. In accordance with the provisional measures stipulated in Paragraph 89-2 of said accounting standard, reclassification of reported amounts for the previous fiscal year has not been made to conform with current classifications.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company started to apply the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 dated July 4, 2019; hereinafter, "Fair Value Measurement Accounting Standard") at the beginning of the first quarter of the fiscal year under review. It also decided to apply new accounting principles set by the Fair Value Measurement Accounting Standard for the future, in accordance with Paragraph 19 of the Fair Value Measurement Accounting Standard and provisional measures stipulated in Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 dated July 4, 2019). There is no impact on the quarterly consolidated financial statements.

(Application of the FASB Accounting Standards Updates No. 2020-05: Leases)

From the beginning of the first quarter of the fiscal year under review, the Company's consolidated subsidiary in the United States applies the FASB ASU No. 2020-05: Leases (the "Standards"). Accordingly, lessees will recognize all leases as assets and liabilities, in principle. In applying the Standards, the Company complies with the provisional measures and has adopted the method of recognizing amounts of accumulated impact by the change of accounting principle on the starting date of such application.

As a result, as of the end of the first quarter of the fiscal year under review, "property, plant and equipment," "other" under current liabilities and "other" under non-current liabilities increased by 808 million yen, 259 million yen, and 569 million yen, respectively. The impact on the profit and loss in the first quarter of the fiscal year under review was minor.

(Segment Information, etc.)

I. Previous first quarter (from April 1, 2020 to June 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	28,223	20,303	7,495	56,023	—	56,023
Intersegment sales and transfers	15	9	2,974	2,999	(2,999)	—
Total	28,239	20,313	10,469	59,022	(2,999)	56,023
Segment income	(381)	3,380	529	3,529	16	3,545

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, 2021 to June 30, 2021)

1. 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	31,229	22,592	8,555	62,377	—	62,377
Intersegment sales and transfers	21	14	3,156	3,192	(3,192)	—
Total	31,250	22,606	11,712	65,570	(3,192)	62,377
Segment income (loss)	757	4,903	729	6,390	14	6,405

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.

2. Changes in reportable segments

(Changes to Reporting Segments)

The Group has made partial changes in business performance management classification. Accordingly, from the beginning of the first quarter of the fiscal year under review, some products are reclassified from “Paper and Converted Products” to “Electronic and Optical Products.” The segment information for the first quarter of the previous fiscal year is based on the reclassified segments.

(Application of the Revenue Recognition Accounting Standard, etc.)

As described in the “Change in Accounting Principles,” the Company has adopted the Revenue Recognition Accounting Standard, etc. and changed accounting methods for revenue recognition. Reflecting this change, it modified the method for the measurement of profits and losses of its business segments.

As a result of the change, compared to the previous methods, in the first quarter of the fiscal year under review net sales for “Printing and Industrial Materials Products” decreased by 451 million yen and segment profit by 23 million yen, net sales for “Electronic and Optical Products” decreased by 2,217 million yen and segment profit by 7 million yen, and net sales for “Paper and Converted Products” decreased by 175 million yen and segment profit by 5 million yen.