

Consolidated Financial Results for the Six Months Ended September 30, 2022
[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

November 10, 2022

Name of listed company: LINTEC Corporation

Stock exchange listing: Tokyo Stock Exchange, Prime Market

Code number: 7966

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Scheduled filing date for quarterly report: November 14, 2022

Scheduled date for dividend payments: November 25, 2022

Supplemental material on quarterly results: Yes

Presentation on quarterly results: Yes (For institutional investors and analysts)

(Amounts less than one million yen are omitted)

1. CONSOLIDATED BUSINESS RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2022
(from April 1, 2022 to September 30, 2022)

(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, 2022	144,422	14.9	9,776	(16.6)	12,127	(1.0)	8,791	(0.3)
Six Months Ended September 30, 2021	125,640	12.7	11,729	85.4	12,255	97.5	8,815	111.4

(Note) Comprehensive income: Six Months Ended September 30, 2022: 23,020 million yen, up 69.1%
Six Months Ended September 30, 2021: 13,615 million yen, up 438.9%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Six Months Ended September 30, 2022	127.74	127.66
Six Months Ended September 30, 2021	121.91	121.83

(Note) The figures for the second quarter of the fiscal year ended March 31, 2022 reflect the finalization of provisional accounting for business combinations in the fiscal year ended March 31, 2022.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of September 30, 2022	317,668	225,872	70.8
As of March 31, 2022	302,865	209,758	69.1

(Reference) Shareholders' equity: As of September 30, 2022: 225,053 million yen As of March 31, 2022: 209,212 million yen

(Note) The figures for the fiscal year ended March 31, 2022 reflect the finalization of provisional accounting for business combinations in the first quarter of the fiscal year ending March 31, 2023.

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, 2022	—	39.00	—	49.00	88.00
FY ending March 31, 2023	—	44.00	—	—	—
FY ending March 31, 2023 (forecast)	—	—	—	44.00	88.00

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

3. FORECASTS OF CONSOLIDATED BUSINESS RESULTS FOR THE FISCAL YEAR ENDING MARCH 31, 2023 (from April 1, 2022 to March 31, 2023)

(% 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	292,000	13.7	15,500	(28.2)	18,500	(18.5)	13,500	(18.9)	197.49

(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, 2022	76,688,740	FY Ended March 31, 2022	76,659,440
(b)	Six Months Ended September 30, 2022	8,329,603	FY Ended March 31, 2022	6,833,643
(c)	Six Months Ended September 30, 2022	68,822,459	Six Months Ended September 30, 2021	72,311,896

*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 9, 2022. 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, 2022

(1) Explanation Regarding Results of Operations

During the first half of the fiscal year under review, net sales rose 14.9% year on year, to 144,422 million yen, reflecting the effects of an acquisition at a U.S.-based subsidiary and the depreciation of the yen. Operating income declined 16.6%, to 9,776 million yen, due to the significant effect of rising raw materials and fuel prices, including pulp. Ordinary income fell 1.0%, to 12,127 million yen, reflecting foreign exchange gains due to the weaker yen. Profit attributable to owners of parent decreased 0.3%, to 8,791 million yen. In addition, the figures for the second quarter of the fiscal year ended March 31, 2022 reflect the finalization of provisional accounting for business combinations in the previous fiscal year.

The outline by segment was as follows:

[Printing and Industrial Materials Products]

	Previous second quarter	Current second quarter	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	64,239	83,481	19,242	30.0
Printing & Variable Information Products Operations	48,649	67,436	18,786	38.6
Industrial & Material Operations	15,589	16,045	455	2.9
Operating income	1,150	1,553	402	35.0

In this segment, net sales were 83,481 million yen (up 30.0% year on year) and operating income was 1,553 million yen (up 35.0% year on year) mainly due to a significant improvement in revenues at U.S.-based subsidiaries, despite a rise in various raw material prices and logistics costs. Sales by operation of this segment were as follows:

(Printing & Variable Information Products Operations)

In Japan, sales of adhesive products for seals and labels remained firm, reflecting an increase in demand in the home delivery and logistics industries, in addition to newly adopting various environmentally friendly products, although demand for food and beverage campaigns, etc. was weak. In overseas markets, sales in the United States grew significantly thanks largely to the effect of acquisitions. As a result, sales in this operation were 67,436 million yen (up 38.6% year on year).

(Industrial & Material Operations)

While demand for automobile-use adhesive products remained weak in Japan due to automobile production cuts, demand for window film and automobile-use adhesive products remained firm in overseas markets, particularly the ASEAN region. As a result, sales in this operation were 16,045 million yen (up 2.9% year on year).

[Electronic and Optical Products]

	Previous second quarter	Current second quarter	year on year	
			Increase (decrease)	Changes
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	44,680	44,192	(487)	(1.1)
Advanced Materials Operations	32,908	33,553	644	2.0
Optical Products Operations	11,771	10,639	(1,132)	(9.6)
Operating income	9,539	8,747	(792)	(8.3)

In this segment, net sales were 44,192 million yen (down 1.1% year on year) and operating income was 8,747 million yen (down 8.3% year on year). Sales by operation of this segment were as follows:

(Advanced Materials Operations)

Sales of multilayer ceramic capacitor-related tape were weak, reflecting sluggish demand for smartphones, but sales of semiconductor-related adhesive tape and semiconductor-related equipment remained firm. As a result, sales in this operation were 33,553 million yen (up 2.0% year on year).

(Optical Products Operations)

Sales of automotive touch screen products grew, but sales of optical display-related adhesive products remained weak, largely affected by sluggish demand for products used for large-screen TV units and smartphones. As a result, sales in this operation were 10,639 million yen (down 9.6% year on year).

[Paper and Converted Products]

	Previous second quarter	Current second quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 16,720	Millions of yen 16,747	Millions of yen 26	% 0.2
Fine & Specialty Paper Products Operations	7,551	7,859	307	4.1
Converted Products Operations	9,169	8,888	(280)	(3.1)
Operating income	1,008	(554)	(1,563)	—

In this segment, net sales were 16,747 million yen (up 0.2% year on year), and operating loss was 554 million yen, mainly due to the negative impact of the price rises for raw materials and fuel such as pulp. Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of color paper for envelopes remained flat from a year ago. Sales of oil- and water-resistant paper were firm chiefly due to an increase in demand for takeout. As a result, sales in this operation were 7,859 million yen (up 4.1% year on year).

(Converted Products Operations)

In casting paper for carbon fiber composite materials, demand for use in sports and leisure was firm, but sales of release paper for electronic materials and release film for optical-related products were weak due to sluggish demand. As a result, sales in this operation were 8,888 million yen (down 3.1% year on year)

(2) Explanation Regarding Financial Position

Provisional accounting for business combinations carried out towards the end of the fiscal year ended March 31, 2022 was finalized in the first quarter of the fiscal year ending March 31, 2023. For a comparison with results in the fiscal year ended March 31, 2022, amounts revised after the finalization of provisional accounting are used.

(Assets)

Total assets at this consolidated quarter end were 317,668 million yen, a year-on-year increase of 14,803 million yen. Main factors of the change were as follows:

- Decrease in “Cash and deposits”	- 7,226 million yen
- Increase in “Notes and accounts receivable - trade and contract assets”	3,780 million yen
- Increase in “Inventories”	11,922 million yen
- Decrease in “Current assets-other”	- 3,633 million yen
- Increase in “Property, plant and equipment”	8,372 million yen
- Increase in “Goodwill”	1,197 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 91,796 million yen, a year-on-year decrease of 1,311 million yen.

Main factors of the change were as follows:

- Decrease in “Accrued income taxes”	- 1,155 million yen
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(Net Assets)

Total net assets at this consolidated quarter end were 225,872 million yen, a year-on-year increase of 16,114 million yen.

Main factors of the change were as follows:

- Increase in “Retained earnings”	5,370 million yen
- Decrease in “Treasury stock”	- 3,544 million yen
- Increase in “Foreign currency translation adjustments”	13,912 million yen

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

With regard to the forecast of consolidated business results for the fiscal year ending March 31, 2023, raw material and fuel prices and logistics costs are expected to continue to rise from the third quarter, and we will not be able to absorb these increases, although we will continue our efforts to thoroughly cut costs and pass on higher costs to sales prices. In addition, demand for electronic- and optical-related products is expected to be sluggish. Given this situation, we have revised the forecasts for the consolidated business results for the fiscal year ending March 31, 2023 that were announced on May 9, 2022 as follows:

Full-year consolidated business results forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

	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)	285,000	21,500	21,500	15,500
New forecast (B)	292,000	15,500	18,500	13,500
Change (B-A)	7,000	(6,000)	(3,000)	(2,000)
Change (%)	2.5	(27.9)	(14.0)	(12.9)
(Reference) Results for the previous fiscal year (Fiscal year ended March 31, 2022)	256,836	21,584	22,698	16,641

* 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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	55,416	48,149
Notes and accounts receivable - trade and contract assets	62,545	66,325
Inventories	52,709	64,632
Other	11,677	8,043
Allowance for doubtful accounts	(123)	(148)
Total current assets	182,224	187,042
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	38,592	39,682
Machinery, equipment and vehicles (net)	30,950	32,030
Land	11,855	12,159
Construction in progress	4,129	8,613
Other (net)	4,992	6,409
Property, plant and equipment	90,521	98,894
Intangible assets		
Goodwill	16,647	17,845
Other	1,974	2,316
Intangible assets	18,622	20,162
Investments and other assets		
Other	11,589	11,660
Allowance for doubtful accounts	(93)	(90)
Total investments and other assets	11,496	11,569
Total non-current assets	120,640	130,625
Total assets	302,865	317,668

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Trade notes and accounts payable	44,309	43,480
Short-term loans payable	1,292	1,045
Current portion of long-term loans payable	1,346	1,665
Accrued income taxes	4,210	3,054
Provision for bonuses	2,640	2,576
Provision for directors' bonuses	72	32
Other	18,510	18,621
Total current liabilities	72,382	70,475
Non-current liabilities		
Long-term loans payable	1,468	868
Provision for environmental measures	111	111
Net defined benefit liability	15,937	15,978
Other	3,207	4,362
Total non-current liabilities	20,724	21,320
Total liabilities	93,107	91,796
Net Assets		
Shareholders' equity		
Common stock	23,320	23,355
Capital surplus	26,943	26,709
Retained earnings	166,242	171,612
Treasury stock	(14,118)	(17,662)
Total shareholders' equity	202,388	204,015
Accumulated other comprehensive income		
Net unrealized holding gain on securities	301	344
Foreign currency translation adjustments	8,936	22,848
Remeasurements of defined benefit plans	(2,414)	(2,155)
Total accumulated other comprehensive income	6,823	21,037
Share subscription rights	93	83
Non-controlling interests	451	735
Total net assets	209,758	225,872
Total liabilities and net assets	302,865	317,668

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Six Months Ended September 30, 2022

(Millions of yen)

	Previous consolidated fiscal year (Six months ended September 30, 2021)	Current consolidated fiscal year (Six months ended September 30, 2022)
Net sales	125,640	144,422
Cost of sales	92,493	110,613
Gross profit	33,147	33,809
Selling, general and administrative expenses	21,418	24,032
Operating income	11,729	9,776
Non-operating income		
Interest income	67	101
Dividend income	252	93
Gain on sales of non-current assets	0	50
Foreign exchange gains	224	2,099
Insurance income	3	89
Other income	191	212
Total non-operating income	739	2,647
Non-operating expenses		
Interest expenses	63	52
Loss on sales of non-current assets	11	17
Loss on retirement of non-current assets	107	118
Compensation expenses	7	18
Other expenses	23	90
Total non-operating expenses	212	296
Ordinary income	12,255	12,127
Extraordinary gain		
Gain on sales of investment securities	13	—
Gain on bargain purchase	277	—
Total extraordinary gain	290	—
Extraordinary loss		
Loss on sales of non-current assets	—	12
Total extraordinary losses	—	12
Profit before income taxes	12,546	12,114
Income taxes	3,884	3,351
Deferred income taxes	(162)	(27)
Total income taxes	3,721	3,324
Profit	8,824	8,790
Profit (loss) attributable to non-controlling interests	9	(1)
Profit attributable to owners of parent	8,815	8,791

Consolidated Quarterly Statements of Comprehensive Income
Six Months Ended September 30, 2022

(Millions of yen)

	Previous consolidated fiscal year (Six months ended September 30, 2021)	Current consolidated fiscal year (Six months ended September 30, 2022)
Net income	8,824	8,790
Other comprehensive income		
Net unrealized holding gain on securities	(35)	42
Foreign currency translation adjustments	4,571	13,926
Remeasurements of defined benefit plans	254	260
Total other comprehensive income	4,790	14,230
Comprehensive income	13,615	23,020
(Comprehensive income attributable to)		
Owners of parent	13,601	23,005
Non-controlling interests	14	14

(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 second quarter (from April 1, 2021 to September 30, 2021)

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	64,239	44,680	16,720	125,640	—	125,640
Intersegment sales and transfers	35	19	6,391	6,446	(6,446)	—
Total	64,275	44,699	23,112	132,087	(6,446)	125,640
Segment income	1,150	9,539	1,008	11,698	30	11,729

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 second quarter (from April 1, 2022 to September 30, 2022)

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	83,481	44,192	16,747	144,422	—	144,422
Intersegment sales and transfers	34	15	6,813	6,864	(6,864)	—
Total	83,516	44,208	23,561	151,286	(6,864)	144,422
Segment income (loss)	1,553	8,747	(554)	9,745	30	9,776

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.