

Consolidated Financial Results for the Three Months Ended June 30, 2023

[Japanese Standards] (Consolidated)

Member, Financial Accounting Standards Foundation

August 9, 2023

Name of listed company: LINTEC Corporation
Code number: 7966

Stock exchange listing: Tokyo Stock Exchange, Prime Market
URL: <https://www.lintec-global.com/>

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Scheduled filing date for quarterly report: August 10, 2023

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, 2023

(from April 1, 2023 to June 30, 2023)

(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, 2023	65,036	(6.4)	1,358	(74.8)	1,968	(71.6)	1,100	(78.7)
Three Months Ended June 30, 2022	69,497	11.4	5,393	(15.8)	6,931	(0.1)	5,159	(5.8)

(Note) Comprehensive income: Three Months Ended June 30, 2023: 2,056 million yen, down 80.8%
Three Months Ended June 30, 2022: 10,700 million yen, up 5.5%

	Net income per share	Net income per share (diluted)
	Yen	Yen
Three Months Ended June 30, 2023	16.09	16.08
Three Months Ended June 30, 2022	74.51	74.46

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
As of June 30, 2023	310,004	226,484	72.8
As of March 31, 2023	304,881	227,150	74.2

(Reference) Shareholders' equity: As of June 30, 2023: 225,705 million yen As of March 31, 2023: 226,352 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, 2023	—	44.00	—	44.00	88.00
FY ending March 31, 2024	—				
FY ending March 31, 2024 (forecast)		44.00	—	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, 2024 (from April 1, 2023 to March 31, 2024)

(% 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	290,000	1.9	13,500	(2.1)	13,500	(13.5)	9,500	(17.5)	138.97

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

*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)	Three Months Ended June 30, 2023:	76,688,740	FY Ended March 31, 2023	76,688,740
(b)	Three Months Ended June 30, 2023:	8,297,535	FY Ended March 31, 2023	8,329,891
(c)	Three Months Ended June 30, 2023:	68,377,396	Three Months Ended June 30, 2022	69,251,210

*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, 2023

(1) Explanation Regarding Results of Operations

During the first quarter of the fiscal year under review, the performance of the Group's businesses continued to be extremely poor, mainly reflecting a sharp decrease in the sales volume of electronic and optical products due to the significant impact of sluggish market conditions and an increase in the operating loss from other products attributable to a decline in the operation loss linked to a fall in the utilization rate of production equipment caused by a decline in orders in Japan and the U.S., as well as the continued rise of the prices of raw materials and fuel and logistics expenses, despite the positive effect of price revisions and the weak yen.

Consequently, the Group posted net sales of 65,036 million yen (down 6.4% year on year), operating income of 1,358 million yen (down 74.8% year on year), ordinary income of 1,968 million yen (down 71.6% year on year), and profit attributable to owners of parent of 1,100 million yen (down 78.7% year on year) during the period.

The outline by segment was as follows:

[Printing and Industrial Materials Products]

	Previous first quarter	Current first quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 38,550	Millions of yen 40,948	Millions of yen 2,397	% 6.2
Printing & Variable Information Products Operations	31,129	32,539	1,409	4.5
Industrial & Material Operations	7,420	8,409	988	13.3
Operating income (loss)	382	(202)	(585)	—

In this segment, net sales came to 40,948 million yen (up 6.2% year on year) due to price revisions and the effect of a weak yen. On the profit side, operating loss stood at 202 million yen, partly due to a sharp decrease in the sales volume in the U.S., as well as the continued rise of the prices of our main raw materials and logistics expenses in Japan. 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 in general due in part to a decline in demand for these products for use in food and beverage campaigns, etc., although sales to the logistics and on-line sales industries remained solid. In overseas markets, net sales increased due to the effect of the weak yen, offsetting a decline the volume of sales in the U.S., China and ASEAN. As a result, sales in this operation were 32,539 million yen (up 4.5% year on year).

(Industrial & Material Operations)

In the domestic market, sales of automobile-use adhesive products and devices for on-line sales remained solid. In overseas markets, sales of automobile-use window film and automobile-use adhesive products remained solid in the U.S., India and ASEAN. As a result, sales in this operation were 8,409 million yen (up 13.3% year on year).

[Electronic and Optical Products]

	Previous first quarter	Current first quarter	year on year	
			Increase (decrease)	Changes
Net sales	Millions of yen 22,266	Millions of yen 15,939	Millions of yen (6,327)	% (28.4)
Advanced Materials Operations	16,474	12,832	(3,642)	(22.1)
Optical Products Operations	5,792	3,107	(2,685)	(46.4)
Operating income	5,023	1,970	(3,052)	(60.8)

In this segment, net sales decreased 28.4% year on year, to 15,939 million yen due to weak demand for materials used in large-sized TVs, smartphones, PCs, etc. In terms of profitability, operating income came to 1,970 million yen (down 60.8% year) on year, partly reflecting an increase in operation loss due to a fall in the utilization rate of production equipment caused by a decline in orders. Sales by operation of this segment were as follows:

(Advanced Materials Operations)

Sales of semiconductor-related adhesive tape and semiconductor-related equipment, multilayer ceramic capacitor-related tape were weak, largely affected by sluggish demand for smartphones and personal computers. As a result, sales in this operation were 12,832 million yen (down 22.1% year on year).

(Optical Products Operations)

Sales of optical display-related adhesive products remained weak, affected by a decline in demand for products both for large-screen TVs and for small- and medium-sized devices such as smartphones. As a result, sales in this operation were 3,107 million yen (down 46.4% 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	8,680	8,148	(531)	(6.1)
Fine & Specialty Paper Products Operations	4,036	4,086	50	1.2
Converted Products Operations	4,643	4,061	(581)	(12.5)
Operating income	(27)	(426)	(399)	—

In this segment, net sales decreased 6.1% year on year, to 8,148 million yen despite the effect of price revisions. On the profit side, operating loss came to 426 million, partly due to the impact of the increased prices of raw materials and fuel, including pulp in particular, and logistics expenses. Sales by operation of this segment were as follows:

(Fine & Specialty Paper Products Operations)

Sales of industrial specialty paper remained weak. Even so, the performance of mainstay color paper for envelopes and colored construction paper for schoolchildren was solid. As a result, sales in this operation were 4,086 million yen (up 1.2% year on year).

(Converted Products Operations)

Sales of release paper for electronic materials were solid. However, release paper for general adhesive products, casting paper for synthetic leather, casting paper for carbon fiber composite materials and release film for optical-related products performed poorly, affected by a decrease in demand. As a result, sales in this operation were 4,061 million yen (down 12.5% year on year)

(2) Explanation Regarding Financial Position

(Assets)

Total assets at this consolidated quarter end were 310,004 million yen, a year-on-year increase of 5,122 million yen. Main factors of the change were as follows:

- Increase in "Cash and deposits"	8,103 million yen
- Decrease in "Current assets-other"	-2,241 million yen

(Liabilities)

Total liabilities at this consolidated quarter end were 83,520 million yen, a year-on-year increase of 5,789 million yen.

Main factors of the change were as follows:

- Decrease in "Trade notes and accounts payable"	- 1,748 million yen
- Increase in "Short-term loans payable"	4,923 million yen
- Decrease in "Provision for bonuses"	- 1,281 million yen
- Decrease in "Current liabilities-other"	- 2,115 million yen
- Increase in "Long-term loans payable"	6,581 million yen

(Net Assets)

Total net assets at this consolidated quarter end were 226,484 million yen, a year-on-year decrease of 666 million yen.

Main factors of the change were as follows:

- Decrease in "Retained earnings"	- 1,663 million yen
- Increase in "Foreign currency translation adjustments"	838 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 8, 2023 remains unchanged.

2. Consolidated Quarterly Financial Statements and Notes

(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	38,032	46,135
Notes and accounts receivable - trade and contract assets	58,803	58,965
Inventories	67,250	66,337
Other	8,004	5,763
Allowance for doubtful accounts	(155)	(159)
Total current assets	171,936	177,042
Non-current assets		
Property, plant and equipment		
Buildings and structures (net)	41,907	41,501
Machinery, equipment and vehicles (net)	33,960	33,202
Land	12,226	12,260
Construction in progress	6,515	8,943
Other (net)	6,982	6,594
Property, plant and equipment	101,593	102,503
Intangible assets		
Goodwill	15,013	14,176
Other	2,694	2,654
Intangible assets	17,708	16,830
Investments and other assets		
Other	13,735	13,719
Allowance for doubtful accounts	(91)	(91)
Total investments and other assets	13,643	13,627
Total non-current assets	132,945	132,961
Total assets	304,881	310,004

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Trade notes and accounts payable	36,980	35,231
Short-term loans payable	960	5,884
Current portion of long-term loans payable	1,602	1,742
Accrued income taxes	1,289	1,026
Provision for bonuses	2,523	1,241
Provision for directors' bonuses	54	14
Other	16,413	14,297
Total current liabilities	59,823	59,439
Non-current liabilities		
Long-term loans payable	—	6,581
Provision for environmental measures	111	111
Net defined benefit liability	12,931	13,176
Other	4,863	4,211
Total non-current liabilities	17,906	24,081
Total liabilities	77,730	83,520
Net Assets		
Shareholders' equity		
Common stock	23,355	23,355
Capital surplus	26,709	26,708
Retained earnings	171,325	169,662
Treasury stock	(17,663)	(17,594)
Total shareholders' equity	203,728	202,132
Accumulated other comprehensive income		
Net unrealized holding gain on securities	463	558
Foreign currency translation adjustments	19,381	20,220
Remeasurements of defined benefit plans	2,779	2,793
Total accumulated other comprehensive income	22,624	23,572
Share subscription rights	83	56
Non-controlling interests	715	722
Total net assets	227,150	226,484
Total liabilities and net assets	304,881	310,004

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Three Months Ended June 30, 2023

(Millions of yen)

	Previous consolidated fiscal year (Three months ended June 30, 2022)	Current consolidated fiscal year (Three months ended June 30, 2023)
Net sales	69,497	65,036
Cost of sales	52,435	51,491
Gross profit	17,062	13,544
Selling, general and administrative expenses	11,668	12,186
Operating income	5,393	1,358
Non-operating income		
Interest income	38	82
Dividend income	89	156
Gain on sales of non-current assets	0	6
Foreign exchange gains	1,356	511
Insurance income	83	16
Other income	111	85
Total non-operating income	1,679	858
Non-operating expenses		
Interest expenses	53	74
Loss on sales of non-current assets	17	0
Loss on retirement of non-current assets	48	112
Compensation expenses	3	1
Other expenses	18	59
Total non-operating expenses	142	248
Ordinary income	6,931	1,968
Profit before income taxes	6,931	1,968
Income taxes	1,144	351
Deferred income taxes	616	511
Total income taxes	1,761	862
Profit	5,169	1,105
Profit (loss) attributable to non-controlling interests	9	5
Profit attributable to owners of parent	5,159	1,100

Consolidated Quarterly Statements of Comprehensive Income
 Three Months Ended June 30, 2023

(Millions of yen)

	Previous consolidated fiscal year (Three months ended June 30, 2022)	Current consolidated fiscal year (Three months ended June 30, 2023)
Net income	5,169	1,105
Other comprehensive income		
Net unrealized holding gain on securities	66	95
Foreign currency translation adjustments	5,330	840
Remeasurements of defined benefit plans	133	14
Total other comprehensive income	5,530	950
Comprehensive income	10,700	2,056
(Comprehensive income attributable to)		
Owners of parent	10,683	2,048
Non-controlling interests	17	7

(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, 2022 to June 30, 2022)

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	38,550	22,266	8,680	69,497	—	69,497
Intersegment sales and transfers	19	7	3,445	3,472	(3,472)	—
Total	38,570	22,273	12,126	72,970	(3,472)	69,497
Segment income	382	5,023	(27)	5,378	14	5,393

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, 2023 to June 30, 2023)

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	40,948	15,939	8,148	65,036	—	65,036
Intersegment sales and transfers	21	3	3,602	3,626	(3,626)	—
Total	40,969	15,942	11,751	68,662	(3,626)	65,036
Segment income (loss)	(202)	1,970	(426)	1,341	17	1,358

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.