

LINTEC Integrated Report 2024

For the fiscal year ended
March 31, 2024

Company Motto

Sincerity and
Creativity

Mission Statement

The company name LINTEC derives from “linkage” and “technology,” two key components of our business philosophy, which emphasizes the importance of close relations, inside and outside the Company, and leading-edge R&D programs. By bringing these together to develop innovative solutions, we have established a reputation in Japan and overseas as a dynamic and reliable company that contributes to the prosperity of our stakeholders, to the growth of our industry, and to a brighter future for society as a whole. And underpinning all of our business activities is an unwavering emphasis on “Sincerity and Creativity,” the twin values enshrined in our company motto.

For tomorrow we build today

Editorial Policy

This report is meant to help shareholders and investors understand the LINTEC Group and its quest to achieve sustainable growth and contribute to the further development of society as a whole. With reference to various guidelines, this report introduces not only business results and financial information but also intangible assets that are not included in the financial statements, such as the Group’s R&D capabilities and human resource strengths. Please refer to the Company’s website and sustainability report, which provide additional information that is not included in this report.

Reporting Period

This report covers the period from April 1, 2023, to March 31, 2024. However, some of the information includes content from April 1, 2024, onward.

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Forward-Looking Statements

This report includes forward-looking statements, such as forecasts of business results, based on information currently held and assumptions that have been judged as reasonable by the Company. The Company cannot guarantee the accuracy of these statements or definitively assure the realization of future numerical targets and policies. Actual business results, etc., may vary due to various factors.

Guidelines Used as References

IFRS Foundation: International Integrated Reporting Framework

Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation

Establishing a Unique Position with a Wide Range of Product Lines

Since our start in 1927 as a manufacturer of gummed tape for packaging, we have evolved by expanding into varied fields such as adhesive products and related equipment and specialty papers. We continue to create new value as a leading company in various industries.



Six Operations

1. Printing & Variable Information Products Operations See page 31 for details.

- Adhesive papers and films for seals and labels
- Adhesive papers and films for barcode labels

2. Industrial & Material Operations See page 31 for details.

- Automobile-use adhesive products
- Industrial-use adhesive tapes
- Labeling machines
- Window films
- Films for outdoor signs and advertising
- Interior finishing mounting films

3. Advanced Materials Operations See page 32 for details.

- Semiconductor-related adhesive tapes
- Semiconductor-related equipment
- Multilayer ceramic capacitor-related tapes



New products and businesses



Semiconductor-related adhesive tapes and equipment

Major brand **Adwill**

Special adhesive tapes used in the manufacture and mounting processes of semiconductor chips and equipment to maximize performance

Multilayer ceramic capacitor-related tapes

Optical display-related adhesive products

Major brand **Opteria**

Adhesive products and surface processing products used for the optically functional films used in liquid crystal displays and organic light-emitting diode displays

Working to realize a sustainable society

Purpose-branded products to address environmental and social issues

Welsurt
Wellbeing, sustainable and smart



3 Electronics Products

4 Optical Products

Specialty papers

Creation of color papers for envelopes, colored construction papers, and various special function papers

5 Specialty Papers

High-grade printing papers Oil- and water-resistant papers

Release papers and films

Creation of products that protect the adhesive sides of adhesive products and various types of casting papers

Release Papers and Films

Casting papers for synthetic leather Casting papers for carbon fiber composite materials

SHIKOKU PAPER CO., LTD.

Manufacture and sale of specialty papers, release papers, etc.

SOHKEN KAKO CO., LTD.

Manufacture and sale of adhesive papers, release films, etc.

Foundation

4. Optical Products Operations

See page 32 for details.

- Optical display-related adhesive products

5. Fine & Specialty Paper Products Operations

See page 33 for details.

- Color papers for envelopes
- Colored construction papers
- Special function papers
- High-grade printing papers
- Construction material papers

6. Converted Products Operations

See page 33 for details.

- Release papers for adhesive products
- Release films for optical-related products
- Casting papers for synthetic leather
- Casting papers for carbon fiber composite materials



LINTEC's Strengths

LINTEC has continued to record stable growth since the 1990 merger of its three predecessor companies: FSK CORPORATION, SHIKOKU PAPER CO., LTD., and SOHKEN KAKO CO., LTD. We provide products in a wide range of markets by combining our ability to accurately identify needs with our technological development capabilities.

The Sources of LINTEC's Strengths

1

▶▶ **Market Dialogue-Driven R&D**

LINTEC's research and development approach is based on dialogue with the market. Our researchers join sales representatives when making customer visits, and the perspectives of both help them accurately identify customers' needs.

2

▶▶ **Local Production**

We have advanced the globalization of our businesses. The basic concept of our initiatives is local production, through which we produce and provide a stable supply of products in locations that are closer to our customers by reinforcing our global production and sales structure.

3

▶▶ **Synergy between the Soft (Materials) and the Hard (Equipment)**

Our strengths in both materials and equipment enable us to take a comprehensive approach for customers that integrates our own technologies to meet the diverse and broad-based industry needs.

4

▶▶ **Broad Product Portfolio**

We combine our four core technologies—adhesive applications, surface improvement, specialty paper and release materials production, and system development—to supply products to a wide range of markets.

Strength 1

Ability to Accurately Identify Needs

LINTEC has grown by maintaining close relationships with its customers and responding sincerely to their various needs.

Through dialogue, we discover our customers' true needs. We then leverage our technological capabilities to create solutions.

Strength 2

Technological Development Capabilities

Our four core technologies and wide range of products allow us to offer total solutions with materials and equipment. This combination also enables the integrated production of adhesive products.



We have developed a broad product lineup to meet the needs of customers in various industries.



Overview of the Long-Term Vision

Working toward a Sustainable Society

The LINTEC Group has formulated LINTEC SUSTAINABILITY VISION 2030 (LSV 2030), a long-term vision that continues through the fiscal year ending March 31, 2030, in the aim of realizing a sustainable society. With the basic approach of helping to solve social issues through our business activities, we will actively work on each key initiative from the perspective of sustainability.

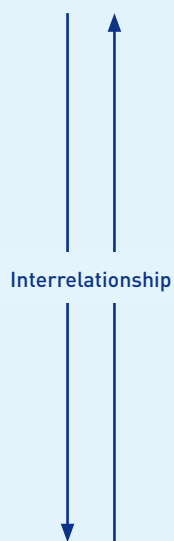
<p>Basic Policy</p>	<p>Contribute to realizing a sustainable world by strengthening the corporate structure through innovation and creating new products and businesses for sustainable growth</p> 	
<p>Key Initiatives</p>	<p>1. Solve social issues</p> <p>(1) Environment</p> <ul style="list-style-type: none"> • Help to shape a carbon-free world • Help to shape a recycling-oriented world • Comply with the PRTR Act • Contribute to biodiversity preservation initiatives <p>(2) Society</p> <ul style="list-style-type: none"> • Respect human rights • Provide proper information disclosure to stakeholders • Promote work-style reform initiatives • Promote the quality-first and customer-first approaches <p>(3) Governance</p> <ul style="list-style-type: none"> • Strengthen corporate governance • Further increase effectiveness of the Board of Directors • Ensure the timely disclosure of corporate information and the transparency of management • Engage in constructive dialogue with stakeholders and investors <p>(4) Ensure that business activities help to achieve the Sustainable Development Goals (SDGs)</p>	<p>2. Foster innovation to build a robust corporate structure</p> <p>(1) Transform business processes including design, development, manufacturing, and logistics through digital transformation (DX)</p> <p>(2) Install new production equipment through scrap and build, with the aim to conserve energy, raise quality, increase efficiency, and reduce labor</p> <p>(3) Strengthen cost competitiveness with innovation in production processes</p> <p>(4) Reform the structure of low-growth and unprofitable businesses and soundly manage Group companies</p> <p>(5) Maintain a solid financial base and improve capital efficiency</p> <p>3. Create new products and businesses to deliver sustainable growth</p> <p>(1) Create new products and businesses driven by technological innovation</p> <p>(2) Expand strategic investment and flexibly conduct mergers and acquisitions (M&A)</p> <p>(3) Move aggressively to win a greater presence in the global market</p> <p>(4) Establish localization</p>
<p>Financial Indicators for the Fiscal Year Ending March 31, 2030</p>	<p>Operating Profit Margin</p> <p>12% or more</p>	<p>Return on Equity (ROE)</p> <p>10% or more</p>

Based on the key initiatives of LSV 2030, from the fiscal year ending March 31, 2025, we are working on both the new medium-term business plan, LSV 2030-Stage 2, and our material issues in an effort to realize a sustainable society.

Medium-term Business Plan LSV 2030-Stage 2

By backcasting from where we wish to be in 2030, we formulated a new medium-term business plan as a second milestone. Each business operation is promoting initiatives to support the key initiatives.

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Pages 31-33



Management Targets for the Fiscal Year Ending March 31, 2027 (Final Year)

Net Sales	¥315.0 billion
Operating Income	¥25.5 billion
Profit Attributable to Owners of Parent	¥18.0 billion
Operating Profit Margin	8% or more
Return on Equity (ROE)	8% or more

Material Issues

We revised material issues and KPIs based on the key initiatives. We aim to realize LSV 2030 by evaluating the progress of our measures.

Pages 18-19

Work to solve social issues through business activities

Foster innovation to build a robust corporate structure and promote sustainable growth

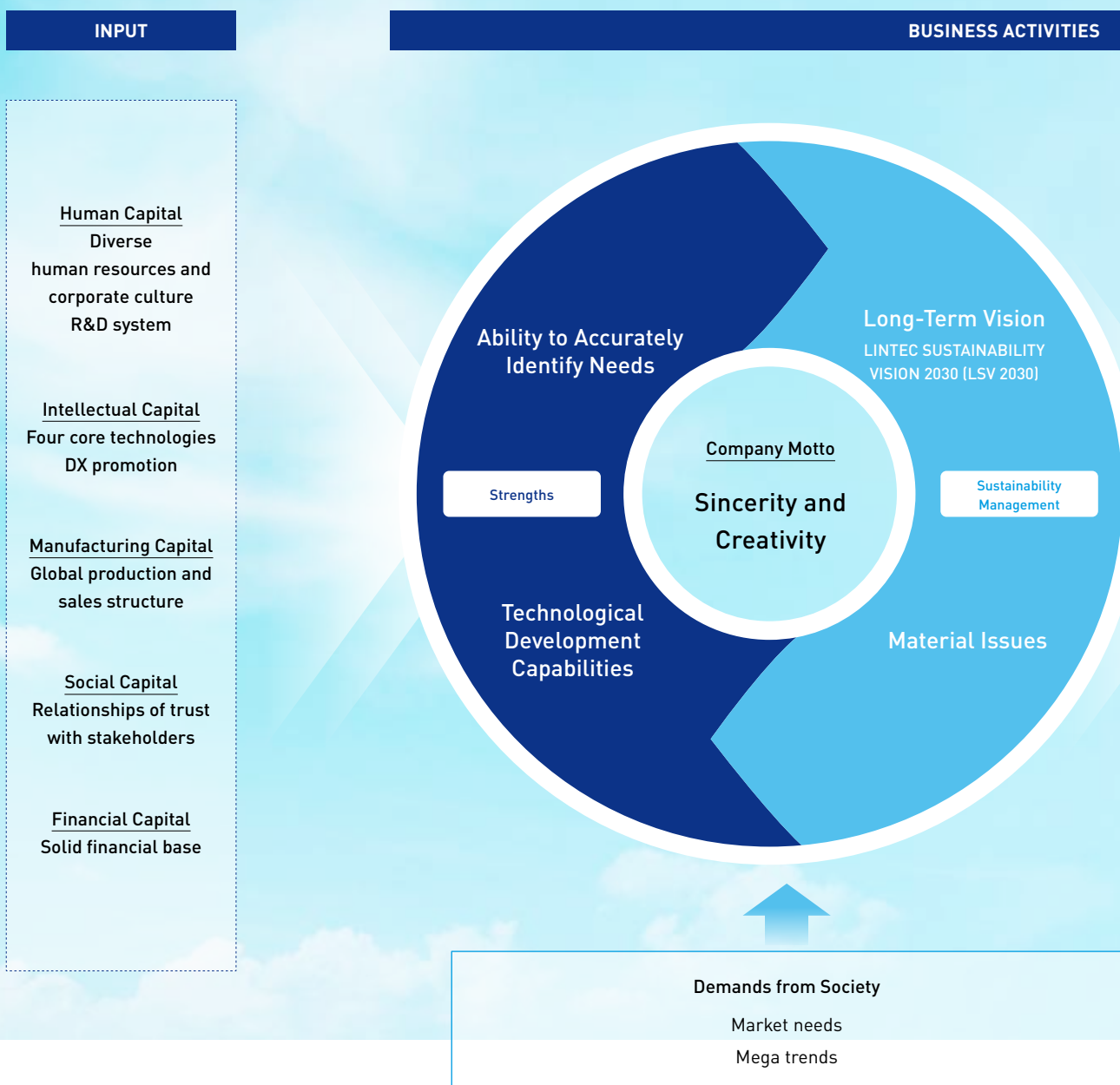
Fulfill responsibilities associated with the environment, society, and customers

Develop and secure human resources for the future

Maintain LINTEC's favorable reputation

LINTEC's Value Creation Process

From its establishment to the present, the Group has built up a wide range of assets, including technologies, diverse human resources, and trust-based relationships with stakeholders. In accordance with the Company motto—Sincerity and Creativity—we are utilizing these assets to contribute to the resolution of issues faced by society and customers through the development, production, and sales of a variety of products.





OUTPUT

OUTCOME

Six Operations

Printing & Variable Information Products Operations

Industrial & Material Operations

Advanced Materials Operations

Optical Products Operations

Fine & Specialty Paper Products Operations

Converted Products Operations

An extensive product lineup that meets the true needs of our customers

Social Value

Help meet the SDGs



Economic Value

Maintain a strong financial base and enhance capital efficiency



Contribute to the realization of a sustainable society



External Technologies



Makoto Hattori

Representative Director
President, CEO and COO



T O P M E S S A G E

A Message from the President

As the most important and strongest supporter of our customers and employees, we will strive to conduct management based on our long-term vision.

Moving from Stage 1 to Stage 2 of the Medium-Term Business Plan

In 2021, the LINTEC Group formulated LSV 2030, a long-term vision aimed at achieving sustainable growth for the Company and contributing to the realization of a sustainable society. As an initial milestone, we launched LSV 2030-Stage 1, a medium-term business plan for the period of April 2021 to March 2024. Looking back on our performance during that three-year period, in the first year, the fiscal year ended March 31, 2022, we achieved record sales and profits and met our final-year targets ahead of time. Buoyed by these results, we raised our targets for the final year of the first stage, but we faced sudden changes in the operating environment. In Electronic and Optical Products, orders plunged while prices of raw materials and fuel soared, leaving us in a predicament. In the fiscal year ended March 31, 2024, the plan's final year, orders for semiconductor- and electronic component-related products and adhesive products for seals and labels recovered in the second half of the year, and we benefited from price revisions and the effect of yen depreciation. However, this upswing was not enough to make up for the poor performance in the first half.

Meanwhile, we are making steady progress in carrying out the three key initiatives of our long-term vision: solve social issues, foster innovation to build a robust corporate structure, and create new products and businesses to deliver sustainable growth. In addition to our efforts to create new products and businesses; accelerate LDX 2030, our project to promote digital transformation (DX); and meet our CO₂ emissions reduction targets for 2030 ahead of schedule, we have achieved a number of notable results. I applaud the way our employees have worked in concert on a variety of measures.

April 2024 marked the start of LSV 2030-Stage 2. This medium-term business plan spans the period from April 2024 to March 2027, our next milestone. To transform ourselves into a company that remains unshakable in any operating environment and to remain an industry forerunner, we must further refine our sales, development, and manufacturing capabilities.

The Spirit of Our Long-Term Vision: Contributing to Society via a Thorough Commitment to Manufacturing

Here, I would like to explain my thoughts on our long-term vision.

The Company was founded in 1927 to manufacture and sell gummed tape for packaging. This sort of tape is wet and then applied, like a postage stamp. Keeping an eye on the growing tendency to replace conventional wooden boxes—the main-stream up to that point—with corrugated cardboard boxes, we became the first company in Japan to mass-produce gummed tape. In the 1950s, the business expanded quickly in response to demand for postwar reconstruction. Later, during Japan's era of high economic growth, we entered various industrial fields, starting with adhesive materials for seals and labels and then moving into automobile-related fields. In the late 1980s, we met the needs of the expanding semiconductor industry by developing a product using a new technology that uses ultraviolet radiation to control adhesive strength. In 1990, LINTEC Corporation was formed through a three-company merger involving FSK CORPORATION, SHIKOKU PAPER CO., LTD., and SOHKEN KAKO CO., LTD. As business expanded, we adopted a structure comprising the six operations we have today.

Looking back, we can see that the LINTEC Group has a history of helping to address the social issues of the times

while meeting the needs of its customers. This basic stance remains unchanged today. One example of this is our establishment of elemental technologies for pellicles for extreme ultraviolet (EUV) lithography equipment, announced in December 2023. Pellicles are important components that serve as dust-proof films to prevent foreign matter from adhering to photomasks (base plates for making semiconductor circuit patterns). In recent years, highly durable carbon nanotubes (CNTs) have attracted attention as a material for use in pellicles. The LINTEC Group started to develop pellicles from CNTs in 2018 at the Nano-Science & Technology Center, its R&D base in the U.S., where the Group is developing CNT sheets. We have developed elemental technologies for more advanced materials that are indispensable for the formation of fine circuits for next-generation semiconductors using EUV lithography.

Through our commitment to manufacturing and our relentless pursuit of new technologies, we will develop technologies that usher in a new era and help create a sustainable society. This is the spirit of our long-term vision, LSV 2030.

Products That Have Helped to Solve Social Issues



Demand for gummed tape for packaging rose as cardboard boxes became mainstream.



Adhesive products for seals and labels remain core products today.



UV curable dicing tape was a major innovation in the semiconductor industry.

Establishment of New Material Issues

ESG-conscious sustainability management is essential to our efforts to help create a sustainable society and remain a company that is trusted by all stakeholders. In formulating LSV 2030-Stage 2, while taking our operating environment into account we identified priority issues related to environmental responsiveness, intellectual property, product development, and human resources as material issues and set

new KPIs as evaluation metrics. With these KPIs in place, we can channel all our efforts toward both economic and social value. The Sustainability Committee propels our advances on the medium-term business plan and material issues by monitoring the progress of all concerned parties, including outside directors.

Technological Development That Addresses Needs and Leverages Our Strengths

Our operations are mainly business-to-business, so we are in the same position as our customers, which are companies like ours. The LINTEC Group is its customers' most important and strongest supporter. We work to help customers survive amid market competition, and as a result we intend to emerge as a leader ourselves.

To fulfill this role, we must constantly hone our technical capabilities in a rapidly changing market environment so we can accurately understand the needs of our customers and meet this demand faithfully by applying the Group's technological capabilities.

Customers may not always choose the best solutions to the issues they face. In other words, actual issues may be different than they first appear. Having outstanding technological development capabilities helps us to understand such misalignments and make truly optimal proposals.

In our nearly 100 years as a company, we have acquired a variety of expertise and know-how in technological development. For the sake of convenience, we put our core technologies into four categories: adhesive applications, surface improvement, specialty paper and release materials production, and system development. At present, the CNT pellicles for EUV lithography equipment mentioned earlier do not fall into any of these categories. Such development would not have been possible if the employees of the LINTEC Group had only responded passively to narrowly defined needs.

To be the most important and strongest supporter of our customers, in addition to integrating our knowledge and expertise with their needs, we must take a flexible, hands-on approach to technological development. This is the manufacturing culture that has been passed down through the generations and has taken root in our organization.

A Unity of Purpose Driving a Sense of Speed Companywide

The LINTEC Group promotes a market-dialogue style of R&D, in which researchers join sales representatives to visit customers and communicate directly with them. In addition to the Research & Development Division, which is the core of the Group's R&D activities, the Business Administrative Division houses the Technical Planning Office, the New Project Planning Office, and the Next Generation Innovation Group, facilitating interaction. Our aim is to foster more diverse, Companywide technological development for the creation of new products and businesses.

Our manufacturing approach is characterized by incorporating diverse opinions from people throughout the Group and harnessing this collective knowledge to create something new. We expect this method to become even more effective in the future. In this era of rapid change, it is inadvisable to limit technological development resources to one specific, specialized department.

Accordingly, technological development-led innovation can also come from people who are not engaged in R&D and

other technical areas. As a result, the awareness of problems that individual salespeople develop through day-to-day communication with customers is better woven into the fabric of manufacturing proposals, manifesting itself in new products, and leading to solutions to customers' issues that transcend divisions.

The ability of our sales, R&D, and manufacturing teams to work together on technological development in this way is part of our unique company culture. In addition to establishing the development offices I described earlier, subcommittees and committees involved in various projects can consult with personnel from related departments. This expedites the journey from on-site information gathering to management-level decision-making. We can respond flexibly to the constant changes in the external environment because of the unity of purpose of the Group's employees, which transcends departmental barriers. This is the source of our strength.

Digital Transformation, the Key Component of Our Medium-Term Business Plan, LSV 2030-Stage 2

LSV 2030-Stage 2, the medium-term business plan that launched in April 2024, takes into account the successes and issues carried forward from the previous plan, LSV 2030-Stage 1. At the same time, we are developing detailed measures in line with the three key initiatives of our long-term vision. Later sections explain the medium-term business plan in greater detail. Here, I would like to describe the DX initiatives that form the cornerstone of the entire plan.

Markets do not grow at a steady pace; there are always fluctuations. Without a robust structure that is capable of securing profits no matter how severe the business

environment, we will not be able to achieve sustainable growth as a company or contribute to a sustainable society.

The LINTEC Group meets customers' differing needs through high-mix, small-lot production. As market demand has become even more diverse and fast-changing in recent years, we have had to respond with an even greater variety of products. To ensure profitability, it is essential to increase facility utilization rates and reduce manufacturing costs by utilizing DX.

DX is also important from the perspective of utilizing human resources effectively. This is especially true in Japan, where the birthrate is declining and the population is aging rapidly, as manufacturing personnel are also growing older. As labor shortages become more pronounced, the active promotion of women is emerging as an ever more important theme. DX that leads to more automation and labor savings on production lines should go a substantial way toward breaking down barriers related to age and gender.

DX will also spur advances in inventory management. Artificial intelligence (AI) often goes beyond human understanding in exploring complex relationships and finding hidden patterns among data. In the future, we will use AI to preprocess data and then bring in humans to make accurate final decisions or devise ways of using software that will lead to business improvement. People who can achieve such tasks are those who come to mind when I think of digitally savvy human resources. In other words, AI will not be limited to only professional programmers and engineers; it will also be available to those who use IT on a daily basis and can use AI as a business tool.

These were the thoughts behind the Group's October 2022 launch of LDX 2030, a Companywide DX promotion project for transforming a wide range of processes and laying the groundwork for the development of digitally savvy human resources. Six subcommittees, including those focused on DX for business process reengineering and the construction of next-generation infrastructure systems, have been organized and are undertaking various measures in accordance with our road map. The project is currently halfway through all phases and is judged to be progressing well. The knowledge employees gain through this project is being immediately reflected in their daily practices and on-site improvement activities, accelerating the communication of information and decision-making.



Meeting Market Expectations by Weaving Our Dreams into New Products and Businesses

The LINTEC Group's overseas sales ratio rose substantially during LSV 2030-Stage 1, from 50% to 61%. We expect this ratio to grow to 65% under LSV 2030-Stage 2. Alongside efforts to cultivate new markets, we need to improve the profitability of existing markets, including Japan.

By segment, in Printing and Industrial Materials Products the contribution to earnings from U.S. subsidiary MACTAC AMERICAS, LLC, has been delayed, owing in part to goodwill amortization. The situation is already improving, however, and we anticipate further upside going forward. On the other hand, we believe improvements in our Chinese business, led by LINTEC (SUZHOU) TECH CORPORATION, will take time.

In Advanced Materials Operations, within Electronic and Optical Products, we saw significant demand related to generative AI. We anticipate steady growth in products for semiconductor memories and multilayer ceramic capacitors as early as the fiscal year ending March 31, 2025.

In Paper and Converted Products, we will step up the launch of new products, driven by environment-related

needs such as a move away from plastics. In Converted Products Operations, a new coating machine is scheduled to start operation at the Komatsushima Plant in Tokushima Prefecture in August 2025, with a view to expanding overseas sales of casting papers for synthetic leather.

While our overall business outlook is favorable, many investors have pointed out that our stock is undervalued, as indicated by our price-to-book value ratio of less than 1.0 time. We believe that we must continue to create aspirational new products and businesses to meet the expectations of more markets and to increase sales and profits.

We aim to craft a robust product portfolio to ensure that more than 30% of our sales come from new products. To do so, we are working on our purpose brand, *Welsurt*, and CNT pellicles for EUV lithography equipment. We will strive to create a solid market position for the Company and enhance our reputation in the capital markets.

Being the Most Important and Strongest Supporter of Our Employees

Our employees are highly qualified, and morale is high. They take the Company's situation to heart and think proactively about what they should be doing at present. People are our greatest management resource, and the top managers of each operation make regular efforts to get to know the people in their organization. Such understanding provides the LINTEC Group with a clear picture of who to assign to which areas in order to address a given problem. This level of management attests to an organizational culture the Group has perfected over the course of many years.

Just as the LINTEC Group is the most important and strongest supporter of its customers, as a manager I wish to be the most important and strongest supporter of our employees. Above all, my role is to create an environment in which employees can work comfortably and to build a system that allows them to maximize their experience,

knowledge, and skills. I am also responsible for ensuring that our employees fully understand the philosophy of LSV 2030, the themes to be addressed, and their meaning and for encouraging them to take the leap forward into a new era. Through people-centric management, we intend to achieve truly sustainable growth and contribute to a sustainable society.

I am grateful to our shareholders and investors and ask for their continued support going forward.

Makoto Hattori

Representative Director
President, CEO and COO