Medium-Term Business Plan

Looking back

▶▶ LSV 2030-Stage 1

	Results for the fiscal year ended March 31, 2022	Results for the fiscal year ended March 31, 2023	Results for the fiscal year ended March 31, 2024	Targets for the fiscal year ended March 31, 2024
Net Sales	¥256.8 billion	¥284.6 billion	¥276.3 billion	**¥300.0 billion**
Operating Income	¥21.6 billion	¥13.8 billion	¥10.6 billion	**¥24.0 billion**
Profit Attributable to Owners of Parent	¥16.6 billion	¥11.5 billion	¥5.2 billion	**¥17.0 billion**
Operating Profit Margin	8.4%	4.8%	3.8%	**8% or more**
Return on Equity (ROE)	8.2%	5.3%	2.3%	**8% or more**

▶▶ LSV 2030-Stage 1

Results of Major Activities Related to Key Initiatives of the Long-Term Vision, LSV 2030

1 Solve social issues

- Met target of reducing CO_2 emissions by 50% or more compared with the fiscal year ended March 31, 2014 by 2030 ahead of schedule
- Worked actively to expand our lineup of environmentally friendly products, stop the use of solvents in products, and took other measures to realize a recycling-oriented world, as well as reducing emissions of volatile organic compounds (VOCs) into the atmosphere

2 Foster innovation to build a robust corporate structure

- Launched our digital transformation promotion project, LDX 2030, to promote business process reform through the use of digital and AI technologies
- Introduced production equipment for smart factories and in-line paper machine equipment that contributes to higher product functionality and energy savings

3 Create new products and businesses to deliver sustainable growth

- Established elemental technologies for carbon nanotube (CNT) pellicles for extreme ultraviolet (EUV) lithography equipment, which are indispensable for the formation of fine circuits for next-generation semiconductors
- Established the Package and Material Development Group in the Research Center for Three-Dimensional Semiconductors operated by the Fukuoka Industry, Science & Technology Foundation to promote the development of new processes related to semiconductor manufacturing
- Increased production and sales capacity in North America and Asia through flexible M&A to expand market share of adhesive products for seals and labels

Overview

▶▶ LSV 2030-Stage 2

	Forecasts for the fiscal year ending March 31, 2025	Targets for the fiscal year ending March 31, 2027
Net Sales	¥290.0 billion	**¥315.0 billion**
Operating Income	¥18.0 billion	**¥25.5 billion**
Profit Attributable to Owners of Parent	¥13.0 billion	**¥18.0 billion**
Operating Profit Margin	—	**8% or more**
Return on Equity (ROE)	—	**8% or more**

▶▶ LSV 2030-Stage 2

Directions of Major Activities Related to Key Initiatives of the Long-Term Vision, LSV 2030

1 Solve social issues

- By March 2027, reduce CO_2 emissions by 67% or more compared with the fiscal year ended March 31, 2014
- In addition to further expanding the range of environmentally friendly products and working on solventless products, work with related companies and the Japan Earth Conscious Labeling Association (J-ECOL) to achieve the horizontal recycling of used release paper
- Curtail atmospheric emissions of VOCs

2 Foster innovation to build a robust corporate structure

- Implement portfolio restructuring, including withdrawal from unprofitable fields, after assessing the future growth potential, market competitiveness, and profitability of each business, and promote the sound management of domestic and overseas Group companies.
- Introduce new production equipment to save energy, improve quality, increase efficiency, and reduce manpower, while at the same time enhancing cost competitiveness through production process innovation
- Create value that exceeds the expectations of all stakeholders by putting specific action plans for LDX 2030 into action and accelerating the development of a transformational management foundation and corporate culture

Create new products and businesses to deliver sustainable growth

- Create a system for the early mass production of CNT pellicles for EUV lithography equipment, which were developed from elemental technologies
- Utilize the newly established the Package and Material Development Group to promote the development of new tapes, equipment, and proprietary processes related to packaging technology in advanced semiconductor back-end processes
- Increase the ratio of overseas sales to total sales to 65% by the fiscal year ending March 31, 2027, by expanding and broadening the product lineup of adhesive paper and film, etc., to meet local needs in overseas markets

Material Issues

When formulating its new medium-term business plan, LSV 2030-Stage 2, the LINTEC Group also revised its material issues and KPIs. In doing so, we adopted the concept of "double materiality" for categories that take into account both the environmental and social impact of corporate activities. We will contribute to the realization of a sustainable society through the five newly established material issues and our responses to them.

Materiality	
 Work to solve social issues through business activities	• Help shape a carbon-free world • Respect human rights of all stakeholders • Enhance governance and risk management
 Foster innovation to build a robust corporate structure and promote sustainable growth	• Create market-leading innovative new products and businesses • Reform development, manufacturing, transportation, operations, and other processes to improve profitability • Protect and utilize intellectual property
 Fulfill responsibilities associated with the environment, society, and customers	• Reduce impact on natural ecosystems • Increase development of environmentally friendly products • Provide and stably supply safe and high-quality products
 Develop and secure human resources for the future	• Respect human rights in general and the rights of employees • Improve human capital and create an honest and open organizational culture • Promote occupational health and safety
 Maintain LINTEC's favorable reputation	• Ensure transparent information disclosure and reinforce stakeholder communication • Ensure compliance and fair business practices • Promote responsible procurement and strengthen supply chains • Enhance information security

KPIs	
• Reduction in CO_2 emissions relative to fiscal year ended March 31, 2014 levels [reduction of 67% or more by March 2027, 75% or more by March 2030, and achievement of carbon neutrality by 2050] • Scopes 1, 2, and 3 emissions • Percentage of non-fossil energy consumption • Implementation of CSR study sessions for such purposes as raising employee awareness and understanding of the Human Rights Policy	• Number of themes adopted by the Corporate Risk Management Committee for deliberation • Total hours of discussion at high-levels meetings (meetings of the Business Deliberation Council, Nomination and Compensation Committee, and Sustainability Committee)
• Target percentage of new product sales to total sales [27% by March 2027] (At least 30% by March 2030) • Number of products developed • Number of development projects with external institutions	• Number of LDX 2030 transformation themes implemented out of seven • Number of patent applications/patents held
• Increase in the use of solvent-free release agents and adhesive agents [1. Percentage of solvent-free release agents and adhesive agents used: 75% by 2030] [2. Complete shift to solvent-free release paper by 2030 (all release paper produced at Kumagaya and Mishima plants, except specialty products)] • Percentage of forest-certified paper and pulp used	• Landfill disposal rate [1% or less] • Implementation of our release paper recycling system • Number of environmentally friendly products developed • Percentage of quality incidents
• Percentage of female managers/supervisors (Subsection Manager/ Assistant Project Manager) [10%] • Percentage of female among the total number of new hires (graduates from a junior college/university/graduate school) [35% or more] • Percentage of persons with disabilities in the total number of employees [fiscal year ending March 31, 2026: 2.7%]	• Number of participants in correspondence training programs • Occupational accidents frequency rate • Occupational accident severity rate • Number of plants having no accidents in a year • Number of violations of occupational health and safety laws and regulations
• Number of individual meetings held with institutional investors and analysts • Number of briefings held to explain financial results and for investor relations and total number of participants • Number of legal training programs provided and total number of participants (including archive viewers) • Periodic publication of Legal News (6 times a year) and total number of views (including number of emails sent)	• Number of responses to CSR survey • Response rate of raw material supplier survey • Implementation of self-checks once a year based on the Information Security Operational Rules and Internal Audit Checklist • Implementation of e-learning information security self-audit once a year

Financial Strategy

A Message from the CFO

Promoting LSV 2030 from a Financial Perspective to Enhance Corporate Value

Yoichi Shibano

Director, Managing Executive Officer, and Executive General Manager, Administration Div.

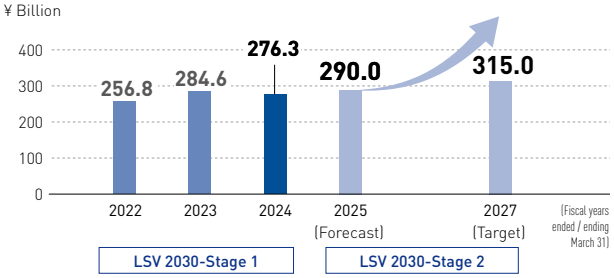
Review of the Fiscal Year Ended March 31, 2024, and Management Targets under LSV 2030-Stage 2

In the first half of the fiscal year ended March 31, 2024, the final year of LSV 2030-Stage 1, we faced a challenging operating environment due to a significant decline in the sales volume of electronic and optical products. Additionally, our facility utilization rate fell owing to a decline in orders, and operating losses grew. The operating environment began improving in the second half, spurred mainly by a recovery in orders for semiconductor- and electronic component-related products and adhesive products for seals and labels, as well as the effects of price revisions. However, this upsurge was not enough to compensate for our poor performance in the first half. As a result, sales and profit were down year on year. Consolidated net sales for the year amounted to ¥276.3 billion, operating income was ¥10.6 billion, and profit attributable to owners of parent came to ¥5.2 billion.

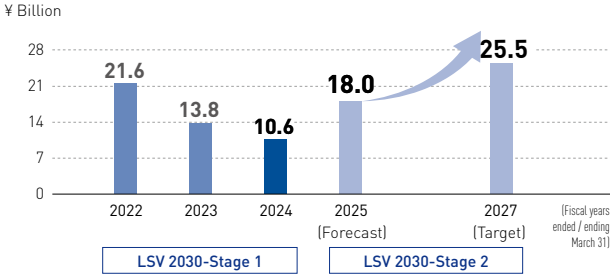
Under LSV 2030-Stage 1, we achieved record-high sales and profits in the first year, so we revised our targets upward. However, in the second and third years, we were affected significantly by the deterioration of the external environment and fell short of our targets. During the three-year period, performance was impacted by such factors as unexpectedly high fuel prices and yen depreciation.

To continue contributing to the realization of a sustainable society through new products and businesses, we must maintain a resilient corporate structure that is unaffected by external factors. As CFO, it is my responsibility to improve profitability and asset efficiency, allocate capital strategically, and engage in appropriate information disclosure and constructive dialogue with shareholders and investors in order to drive forward the initiatives of LSV 2030. Under the new medium-term business plan, LSV 2030-Stage 2, we aim to steadily execute these strategies and achieve our targets for

Consolidated Net Sales



Consolidated Operating Income



the final year of the plan, the fiscal year ending March 31, 2027: consolidated net sales of ¥315.0 billion, operating income of ¥25.5 billion, profit attributable to owners of parent of ¥18.0 billion, an operating profit margin of 8% or more, and return on equity of 8% or more. During the first year of the plan, the fiscal year ending March 31, 2025, we expect the operating environment to remain uncertain. Even so, we anticipate an increase in sales and profits. We project net sales of ¥290.0 billion, operating income of ¥18.0 billion, and profit attributable to owners of parent of ¥13.0 billion, driven by a recovery in sales volume and large orders for semiconductor-related equipment for AI applications.

Improving Profitability and Capital Efficiency

In the fiscal year ended March 31, 2024, LINTEC acquired Label Supply, a Canadian company that sells adhesive products for seals and labels, while deciding to dissolve LINTEC SPECIALITY FILMS (KOREA), INC. and LINTEC SPECIALTY FILMS (TAIWAN), INC., which manufacture and sell optical-related products. We made this decision due to the lack of prospects for a recovery in performance at both locations, partly due to the rise of Chinese companies in the polarizing film business. Some shareholders and investors suggested tough measures, including the downsizing of or withdrawal from low-profit businesses in order to optimize the business portfolio. However, we believe our strength lies in our existing structure, comprising three segments and six operations. This arrangement facilitates the integrated production of adhesive products and the transfer and application of technology between operations. Accordingly, our top priority is to improve the profitability of our existing businesses, rather than to downsize or withdraw from businesses. The LINTEC Group has been implementing various measures to enhance profitability, such as reducing costs, improving productivity, and adjusting prices. Despite the headwinds we face, we are steadily seeing positive results from our actions. Moving forward, our policy is to continue making thorough improvements while working to optimize our business portfolio.

Additionally, after the semi-annual creation and analysis of balance sheets for each operation in the fiscal year ended March 31, 2024, issues regarding the turnover ratio of fixed assets and inventory assets became apparent. Following discussions with the heads of each operation, we established KPIs for each operation and are now entering a phase of full-scale execution. Employees are also becoming more engaged in the relationship between their work and financial metrics. Going forward, we will work together on a united front, cultivating close collaboration between the procurement and production departments to improve profitability and earnings.

The utilization of digital transformation (DX) is also essential to the Company becoming more cost competitive. As the person in charge of the cross-functional DX promotion project LDX 2030, I am driving the transformation of our business model through DX. The project is structured into six subcommittees. Each subcommittee is responsible for a transformation theme, such as business process improvement and sales, with the path determined by backcasting from the desired future state. We have developed a road map through the fiscal year ending March 31, 2027, and are implementing measures accordingly.

Cash Allocation for Sustained Growth

During the period of LSV 2030-Stage 2, we expect to generate approximately ¥130.0 billion in cash flow. We intend to use this cash mainly for growth investments in areas such as R&D, production facilities, talent acquisition, DX, and M&A, as well as the enhancement of shareholder returns. We plan to strategically allocate funds, funneling investments where needed to enhance corporate value.

We plan to allocate approximately ¥60.0 billion to capital

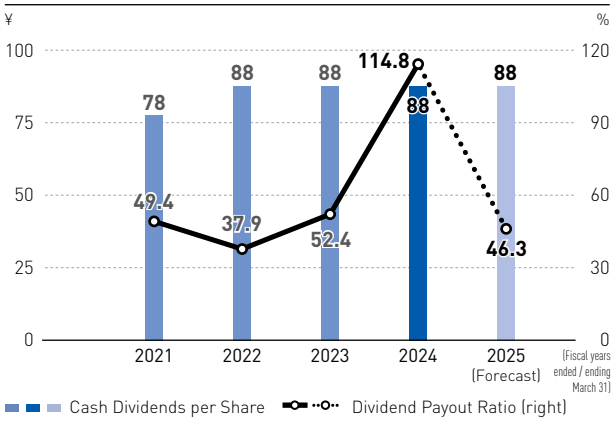
Cash flows during Stage 2 (operating income + depreciation and amortization + amortization of goodwill): Approx. ¥130.0 billion		
External funding		
Growth investments	Capital investment, other Approx. ¥60.0 billion	• Multilayer ceramic capacitor-related tape coating facilities • Semiconductor-related adhesive tape coating facilities • Release paper coating facilities • Environmental investment • DX-related investment
	R&D investment Approx. ¥32.0 billion	• Development of new tape, equipment, and proprietary processes for semiconductor packaging technology • Establishment of mass production system for carbon nanotubes (CNTs) pellicles for extreme ultraviolet (EUV) lithography equipment • Development of environmentally friendly products
	M&A and other flexible investments	• Expansion into new countries and regions, markets, and areas of business
Shareholder returns		◉ In principle, no reduction in dividends through the fiscal year ending March 31, 2027, the final year of Stage 2, and a target dividend payout ratio of at least 40% or divided on equity ratio of 3%. ◉ Flexible acquisition of treasury stock

expenditures, which includes the expansion of coating facilities for multilayer ceramic capacitor-related tape and semiconductor-related adhesive tape—both of which are seeing growing demand—as well as the construction of a new factory building at the Komatsushima Plant in Tokushima Prefecture and the implementation of smart factory initiatives to improve production efficiency. In the face of rapid changes in the operating environment, investing proactively will be the key to our success. Doing so builds upon our previous medium-term business plan, and we will quickly put in place a system for responding to increasing demand in such areas as AI and semiconductors.

We plan to invest approximately ¥32.0 billion in R&D. This investment is primarily aimed at the swift creation of new products and businesses, as well as quickly putting in place a production system for CNT pellicles for EUV lithography equipment, which are essential for fine circuit formation in next-generation semiconductors. Some of our R&D initiatives may take time to bear fruit, but we will assess the optimal areas to invest in while leveraging marketing data and other information. Additionally, we will consider M&A opportunities while taking financial risks into account.

In terms of shareholder returns, in principle we will not reduce dividends through the fiscal year ending March 31, 2027. Additionally, we plan to achieve a dividend payout ratio of 40% or higher or a dividend on equity ratio of 3%. We will continue to reinforce our management foundation and strive to enhance shareholder returns by considering the consolidated performance during each fiscal year and maintaining a fundamental policy of providing ongoing, stable dividends. We will assess the need for share buybacks based on the available funds and implement such buybacks flexibly as needed.

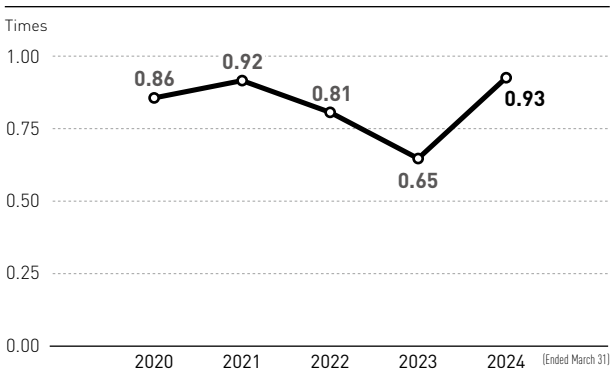
Cash Dividends per Share / Dividend Payout Ratio (Consolidated)



Constructive Dialogue with Shareholders and Investors

Our dialogue with shareholders and investors is a crucial opportunity for us to learn and gain insights. We appreciate the positive expectations for our Advanced Materials Operations and other areas, but we also acknowledge that our price-to-book value ratio (PBR) has remained below 1.0 times. We recognize that our weighted average cost of capital is around 5.3% and feel a strong need to consistently generate return on equity (ROE) that exceeds this level going forward. By diligently implementing the aforementioned initiatives to improve ROE and actively engaging in information disclosure and dialogue to enhance understanding of our management and efforts, we will strive to enhance corporate value and improve our market evaluation.

PBR



R&D and Intellectual Property Strategy

A Message from the Executive General Manager, Research & Development Div.

Continuing to Strengthen Our Research and Development System to Generate Continuous Innovation

The Research & Development Division engages in R&D aimed at contributing to a sustainable society and leading in innovative product development. In the fiscal year ended March 31, 2024, we launched a variety of environmentally friendly products, including fluorine-free oil-resistant paper, and developed technologies such as bump support film to enhance the durability and reliability of semiconductor chips.

In the fiscal year ending March 31, 2025, we will augment the development process for new products and technologies that anticipate market demand, providing customer solutions and addressing social challenges in growth, mature, and new fields. In growth fields such as semiconductors and optics, we will strive to develop new products that can build market monopolies, as well as expand our business domains. We will enhance research on high-precision surface protection tapes for back grinding and expand the scope of development beyond the semiconductor manufacturing post-process, an area where we excel, using carbon nanotube (CNT) pellicles for extreme ultraviolet lithography equipment as a foothold. In mature fields, including printing materials, industrial materials, and specialty papers, we will create new products that contribute to high profitability and market invigoration. Furthermore, we aim to cultivate new demand through open innovation that combines our accumulated proprietary technologies with those of other companies. In new fields, we will work to commercialize as many products under development as possible, such as thermoelectric converting modules, ultra-thin and lightweight peltier modules, and high-frequency dielectric heating adhesive film.

Efficiency through digital transformation is essential for conducting R&D that responds swiftly to market expectations. By actively utilizing data science tools, such as machine learning and materials informatics, we aim to accelerate development and increase the number of projects we take on. Additionally, we will pursue R&D that breaks conventional norms by leveraging tools like AI and embracing unconventional ideas.

Continuous innovation is also an important theme. In addition to collaboration with universities and other institutions, we are considering the establishment of satellite research laboratories as part of our efforts to strengthen the framework for joint development with Group companies overseas. We are also accelerating collaboration between companies to increase the likelihood of commercialization. We will establish a global R&D structure and contribute to the realization of our long-term vision through product development.

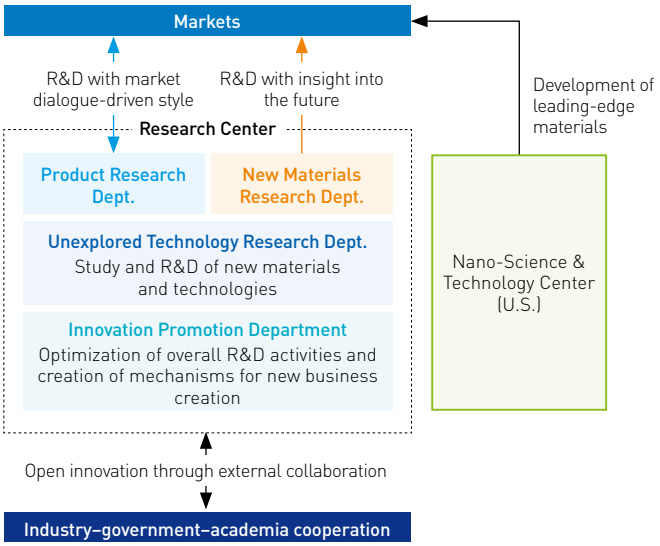
Yoshihisa Mineura

Managing Executive Officer
Executive General Manager,
Research &
Development Div.

R&D

System

The Research Center (Saitama Prefecture) of the Research & Development Division is the core base for the Group's R&D activities. The center has high-precision testing and analysis equipment and a clean room, as well as the same equipment that is actually used by customers in semiconductor-related fields. Moreover, we have installed large-scale pilot coaters that closely resemble plant mass-production facilities, building systems for a smooth flow from R&D to mass production. The center includes the Product Research Department, which develops products directly connected to our current business, and the New Materials Research Department, which conducts R&D with a focus on the future. In addition, in April 2022 we established the Unexplored Technology Research Department and the Innovation Promotion Department. About 200 researchers are engaged in research on these themes. In addition, the Nano-Science & Technology Center, our R&D base in the U.S., focuses on the development of leading-edge materials, such as CNTs and artificial muscles, with the objective of establishing technologies and products that will drive new businesses for the Group.



Policy

We are pursuing R&D to ensure that our focus themes make a real contribution to strengthening the competitiveness of existing businesses and creating new products and businesses. LINTEC is working to improve development efficiency and speed based on two key phrases: "front-loading design" and "one-stop development." In addition, through coordination between the Research Center and the Business Administration Division, we have established the stage-gate system as an R&D scheme. Under this scheme, we are building a process that ensures results centered on medium- to long-term themes.

1. Front-Loading Design

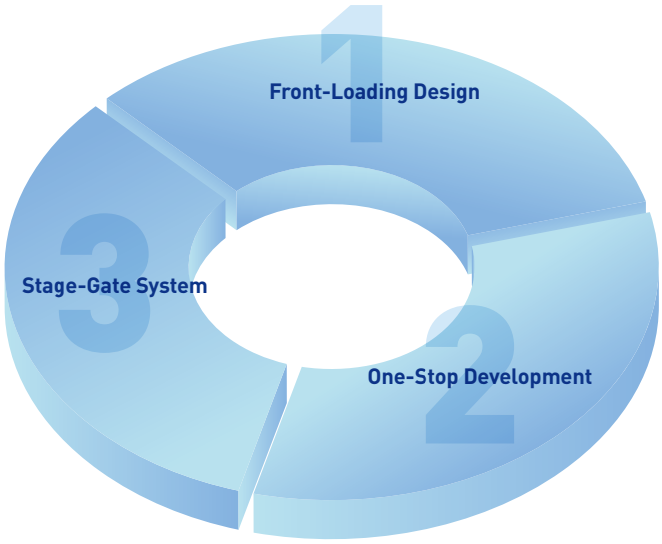
With a focus on carefully surveying customer needs and development processes, this method identifies development issues and risks, to the greatest extent possible, at the initial stage of product development. By implementing countermeasures in advance, we do our utmost to reduce the need to redo work at intermediate stages. This contributes to increased development efficiency and reduced costs.

2. One-Stop Development

This approach involves simultaneously advancing the development of new materials and the development of processes for mass production. In the Research Center, large-scale testing and research facilities similar to the production facilities in our plants are used to collect various data necessary for mass production and to improve the speed of development leading up to mass production.

3. Stage-Gate System

This is an internal process that divides the development status of R&D themes into five stages, and rigorously examines and determines whether to advance a theme to the next stage or halt development. The aim is to prevent development from backtracking and to bring each theme to fruition steadily and quickly.

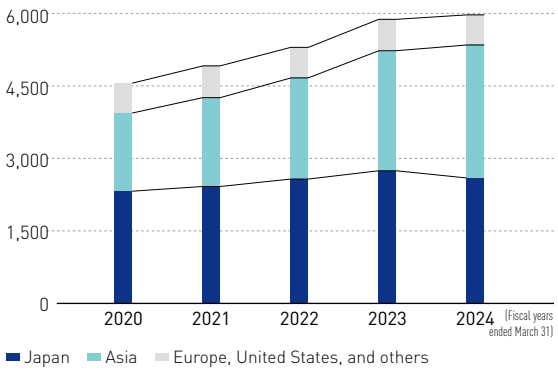


Intellectual Property Activities

Working to Expand Our Intellectual Property

LINTEC aims to increase corporate value by developing original products that fully satisfy customer needs. We therefore position intellectual property, including patents, trademarks, and design rights acquired through these development activities, as important management resources. The Intellectual Property Department promotes efforts to expand intellectual property rights. We file applications out of awareness of the need to protect proprietary technologies and products, and work to create a range of rights that can be utilized in multiple technological fields. The number of patents we hold has risen in recent years, in tandem with the increase in our ratio of overseas sales. We are building a global patent network with a particular focus on Asia for semiconductor-related products, taking into consideration the future market potential in each country and our manufacturing bases around the world. In the fiscal year ended March 31, 2024, our patent holdings in Japan decreased for the first time since we began taking these statistics. This was the result of a careful winnowing with a view to resource allocation to optimize our domestic patent holdings in light of patent values and annuity payments.

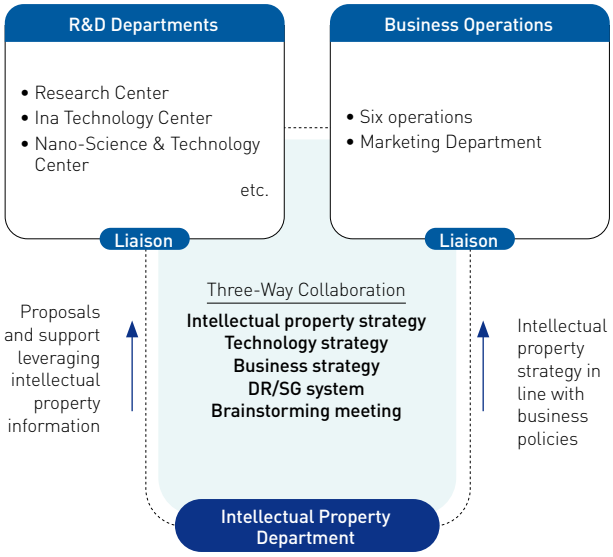
Number of Patents Held by Region



Stepping up Collaboration between R&D Departments and Business Operations

The Intellectual Property Department, which develops global intellectual property strategies, collaborates with R&D departments and business operations to share intellectual property information and review ideas, including filing, rights acquisition, and portfolio formation linked to both activities. About half of the people in our Intellectual Property Department work as patent liaisons* at the Research Center, where they are responsible for everything from invention discovery to patent prosecution. The Intellectual Property Department also focuses on intellectual property activities linked to R&D schemes, such as design review (DR) and the stage-gate (SG) system, as well as educating researchers about intellectual property. Members of the Intellectual Property Department are also stationed at the Bunkyo Kasuga Office, a base of business operations, where they work to collect information from business operations and strengthen cooperation.

* A patent liaison is a patent specialist who acts as a link between the developer and the patent office.



Introducing an Analysis System and Using It to Develop Our Intellectual Property Strategy

In recent years, we have built on the IP landscape concept of analyzing and utilizing intellectual property information for management, introducing a landscape-type analysis system for collecting intellectual property information in addition to our existing mapping software. To develop intellectual property strategies, we analyze the current status and future prospects of the Company and its competitors based on their technical information and other data. For example, for a specific high-value-added semiconductor-related product, we use a life cycle map analysis to confirm the product's position, as well as its strengths and weaknesses compared with its main competitors in terms of patents. We use this information to help us develop business strategies in order to maintain our market share. We also believe that development themes established from a business perspective and based on intellectual property information are superior in terms of their technological uniqueness, progress, marketability, and future potential and will lead to new business opportunities. Additionally, we use the results of macro analyses of relevant literature on new polymeric materials in our search for areas of demand.

Production Strategy

A Message from the Executive General Manager, Production Div.

Providing Products of the Highest Standard by Enhancing Quality, Cost, and Delivery

During LSV 2030-Stage 1, we engaged in ongoing discussions with all domestic and overseas production sites to reduce CO_2 emissions. We also introduced new energy-efficient equipment while keeping an eye on the cost of investments. Ultimately, we succeeded in reducing CO_2 emissions by 51.4% compared with the fiscal year ended March 31, 2014, exceeding our initial target. Under LSV 2030-Stage 2, we will continue to promote energy efficiency by consolidating production facilities, as well as through initiatives related to the 3Rs (reduce, reuse, and recycle) and by moving toward solventless products and controlling volatile organic compound emissions. These measures aim to optimize our production system to help reduce our environmental impact.

Hiroyuki Matsuo
Director, Managing Executive Officer
Executive General Manager, Production Div., and in charge of Quality Assurance Div. and Environment & Safety Div.

On the other hand, enhancing production capacity is also a major focus. In semiconductor-related products, where demand is strong, we have reinforced our production capacity for semiconductor-related adhesive tape by incorporating a coating machine with the world's highest level of coating precision into the Agatsuma Plant in Gunma Prefecture. In Converted Products Operations, we plan to have a new coating machine in operation at the Komatsushima Plant in Tokushima Prefecture by August 2025. We will expand the lineup of casting paper used to transfer patterns onto synthetic leather and utilize it for new market development overseas. Additionally, to ensure employee safety, we will convert our facilities to smart factories through process automation and the reduction of personnel numbers on production lines. In some factories, we have started unmanned testing of paper quality and have begun exploring the automation of inspection processes using robot control technology with a proven track record at the Ina Technology Center in Saitama Prefecture. In utilizing digital technology, we have started empirical testing of predictive maintenance for production equipment by using artificial intelligence to analyze data collected at production sites. By reducing equipment and machinery downtime, we will achieve improvements in productivity, quality, and on-time delivery performance, further strengthening our focus on quality, cost, and delivery.

We are experiencing a period of significant technological innovation, and I believe we are at a turning point. Through various initiatives, we will enhance the appeal of manufacturing, thereby improving employee motivation and fostering an atmosphere conducive to innovation. We will continue to provide our customers with the highest quality products that surpass those of our competitors.

Strengthening Manufacturing Capital

During the three-year period ending March 31, 2027, we plan to generate total cash flows of around ¥130.0 billion. Of that amount, we plan to allocate some ¥60.0 billion to capital investment. Through this investment, we will strengthen our supply system to meet robust demand. Through new production facilities and other investments, we will accelerate initiatives aimed at energy efficiency, high quality, high efficiency, and labor reduction. By doing so, we will respond to new demand in growth areas such as semiconductor-related products and overseas markets.

FOCUS

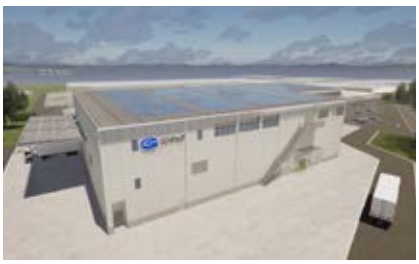
Ongoing Capital Investment to Meet Anticipated Growth in the Electronics Market

In recent years, demand has increased for various types of semiconductors and electronic components, driven by growth in sales of smartphones and electric vehicles and the introduction of the 5G high-speed telecommunication standard. Additionally, demand for advanced semiconductors used in data centers has flourished due to emerging technology trends, such as edge AI. In response to the expansion of the electronics market and growing demand for high-quality products, the Company is focusing on boosting production capacity and enhancing the supply chain. Our efforts include improving the performance and quality assurance system of circuit surface protection tape used in the back grinding process for thinning semiconductor wafers. At the Agatsuma Plant, our core production facility for semiconductor-related adhesive tape, we have invested approximately ¥4.5 billion in introducing state-of-the-art clean coating and cutting equipment. Furthermore, we are gradually enhancing production facilities at the Doi Plant in Ehime Prefecture and the Kumagaya Plant in Saitama Prefecture, investing a total of around ¥20 billion to meet the increasing demand for multilayer ceramic capacitor-related tape, which is essential for electronic component manufacturing. We will continue to invest in facilities to ensure we can respond to the growth of the electronics market.

New coating machine at the Agatsuma Plant

Construction of a New Building Aimed at Strengthening Our Overseas Development of Casting Papers for Synthetic Leather

At the Komatsushima Plant, which manufactures casting papers for synthetic leather and release papers for adhesive products, we are investing approximately ¥4.2 billion in the construction of a new factory building. The casting paper produced there will be used to add patterns and luster to the surface of the synthetic leather used in shoes, bags, and other products. Currently, economic development is driving demand for synthetic leather products in countries such as India and China. Increasing our production capacity is part of our strategy to capture new demand in these markets. The new coating equipment will be capable of handling wider casting paper than our existing facilities. Wide casting paper is becoming mainstream overseas and is in demand for applications such as automotive interiors. In addition to optimizing logistics within the factory, such as the handling of paper, the new building will feature automated processes such as chemical blending, which will bolster production without the need to increase the number of on-site employees. We are also designing a highly efficient production system to minimize the waste of coating materials. Through efforts to reduce CO_2 emissions by installing solar power generation facilities and other initiatives to reduce environmental impact, we aim to establish a sustainable production system.



Artist's rendition of the new wing at the Komatsushima Plant

Business Strategy

A Message from the Executive General Manager, Business Administration Div.

Aiming to Meet Our Management Targets through Growth Investments and Overseas Expansion

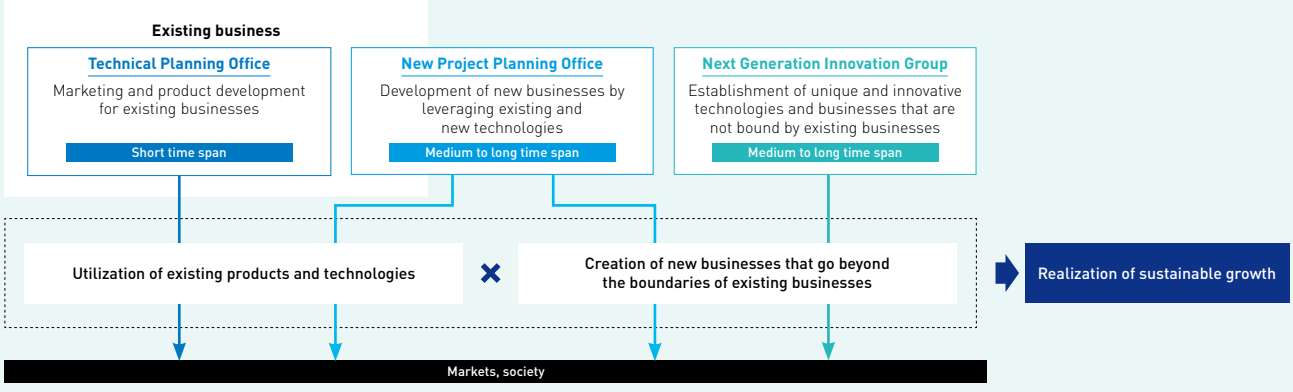
Our new medium-term business plan, LSV 2030-Stage 2, outlines our strong commitment to achieving an operating profit margin of 8% or higher by the plan's final year, the fiscal year ending March 31, 2027, while steadily pursuing individual themes for each operation. One key point is our thorough investment of management resources into growth areas such as semiconductors. Under the previous medium-term business plan, we established the Package and Material Development Group as a new organization responsible for research and development within the Research Center for Three-Dimensional Semiconductors, operated by the Fukuoka Industry, Science & Technology Foundation, with a focus on strengthening the development of semiconductor-related adhesive tape and new processes. We also developed bump support film, which helps improve the durability and reliability of semiconductor chips, and commenced full-scale sales in May 2024. By leveraging our unique advantage of offering both tape and equipment, we will strive to attract new demand arising from emerging AI applications and other opportunities.

In the domestic market, the outlook for significant growth in domestic demand in the medium to long term is uncertain due to population decline. We will focus on expanding business opportunities by enhancing competitiveness in overseas markets, such as the U.S., China, and India, and executing measures to make the leap to becoming a global player. These include proactive M&A activities and considering the appointment of local talent who are familiar with market characteristics as heads of overseas subsidiaries. Another major theme is optimizing the business portfolio through fundamental structural reforms. This will involve reviewing our network of bases, relocating production facilities, and undertaking reforms to tackle the challenges faced when products reach the mature stage of their life cycles. We will further advance product development and explore new customer opportunities as people's behavioral patterns evolve.

The New Project Planning Office and the Next Generation Innovation Group are taking the lead in creating new products and businesses in cooperation with the Research & Development Division and other divisions. Currently, we are conducting demonstration experiments with external partners on several products that we expect to bring to the market swiftly, thereby addressing social issues and contributing to the Company's earnings.

Takeshi Kaiya
Director, Senior Managing Executive Officer
Executive General Manager, Business Administration Div.

Roles of Organizations within the Business Administration Div. Aiming to Create New Products and Businesses



Accelerating the Development of Products That Address Social Issues

New Project Planning Office

Progressing toward the Creation of a Sustainable Society

The New Project Planning Office is actively developing new products and businesses with a focus on areas such as energy conservation, renewable energy, marine resource conservation, electronics for communication, mobility, and healthcare. In July 2022, we established a new purpose brand called *Welsurt* to address these development themes and strengthened our technology development and external technology proposal efforts. Leveraging our accumulated expertise in adhesive, release, and papermaking technologies, as well as proprietary technologies from our U.S. subsidiary's research and development base, the Nano-Science & Technology Center, we aim to address social and environmental issues. One example of our society-oriented innovation is the development of materials that millimeter-wave absorbing materials. These materials allow for the control of electromagnetic waves in the millimeter-wave frequency range and are being proposed for use in applications such as aiming tests to ensure the proper functioning of millimeter-wave radars used in advanced driver assistance systems in automobiles. Similarly, for environmental innovation, we have developed ultra-thin thermoelectric modules. These modules can convert heat energy into electrical energy using even a slight temperature difference and are only 0.6 millimeters thick, making them highly adaptable to curved surfaces. They can be used as battery-less power sources that utilize low-temperature waste heat, making them suitable for applications such as IoT sensing. In these ways, the Group is committed to creating new value by accelerating the transition from manufacturing to building a sustainable society.

Materials that can absorb, transmit, or reflect millimeter waves to control radio waves at will

Ultra-thin thermoelectric modules that can use waste heat and serve as battery-less power sources

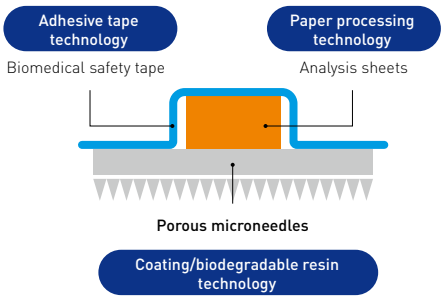
Welsurt
Wellbeing, sustainable and smart

Contributing to Preventive Medicine by Taking on Challenges in the Healthcare Field

Next Generation Innovation Group

The Next Generation Innovation Group, which we established in April 2022, aims to develop unique and innovative technologies and businesses that are unconstrained by existing operations from a medium- to long-term perspective of five years or more. The office also actively collaborates with external organizations, participating in the Japanese government's Key and Advanced Technology R&D through Cross Community Collaboration Program and working with other research institutions and related companies to establish anti-counterfeiting technology for semiconductors. One of our ongoing development themes is collaborative research with the University of Tokyo on a porous microneedle patch. This product combines an array of microneedles of less than 50 micrometers in diameter with a safe and skin-friendly adhesive tape, so it can be applied to the skin as a patch without any harm to the body. We are combining the expertise of the University of Tokyo, which has knowledge in the production of porous microneedles, and the Company, which has a track record in developing adhesive tape with a high level of biological safety. We are considering the potential use of this patch for the non-invasive extraction of interstitial fluid, which might be useful in the diagnosis of diseases such as diabetes, by placing the patches between analysis sheets, causing them to react. By venturing into the field of preventive healthcare, we aim to help improve people's quality of life and establish a sustainable healthcare system by reducing medical expenses.

LINTEC's Technologies and the Composition of a Porous Microneedle Patch



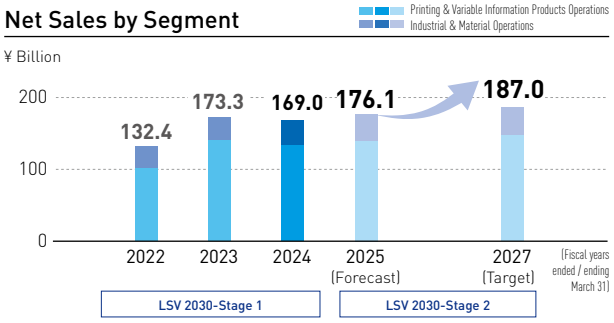
Three Business Segments

Based on the similarities of their products, technologies, and markets, the Company's six operations are classified into three segments. Printing and Industrial Materials Products is our mainstay segment, Electronic and Optical Products is driving growth, and Paper and Converted Products supports our adhesive business. In each operation, we are developing growth strategies tailored to the characteristics of each business and market.

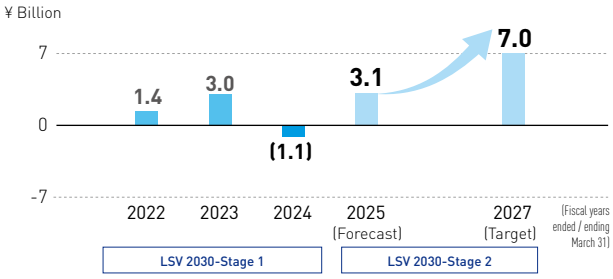
Printing and Industrial Materials Products

In the fiscal year ended March 31, 2024, sales in this segment amounted to ¥169.0 billion, down 2.5% year on year. We benefited from price revisions and yen depreciation, as well as strong sales of window film in the U.S. and of adhesive products for automobiles in India. However, sales of adhesive products for seals and labels in the U.S. decreased significantly. The segment recorded an operating loss of ¥1.1 billion, compared with operating income in the previous year, due to the high prices of major raw materials and rising logistics costs in Japan, as well as a decrease in sales volume in the U.S.

Net Sales by Segment



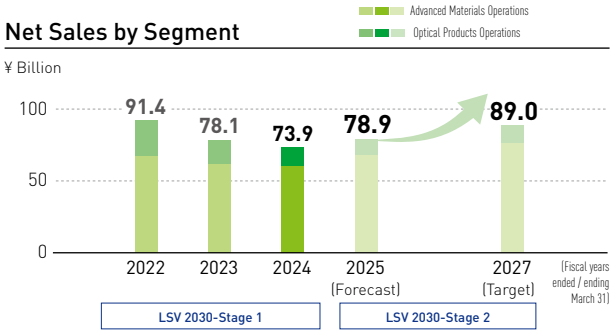
Operating Income (Loss) by Segment



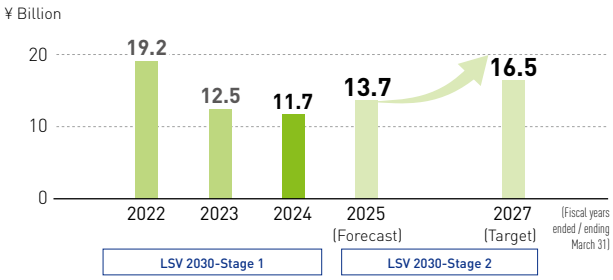
Electronic and Optical Products

In this segment, sales in the fiscal year ended March 31, 2024, amounted to ¥73.9 billion, down 5.3% year on year, as a result of falling demand for large-size TVs, PCs, and smartphones. A decrease in orders lowered the operating efficiency of production facilities and resulted in losses in some areas. Ultimately, the segment posted operating income of ¥11.7 billion, down 6.4% year on year.

Net Sales by Segment



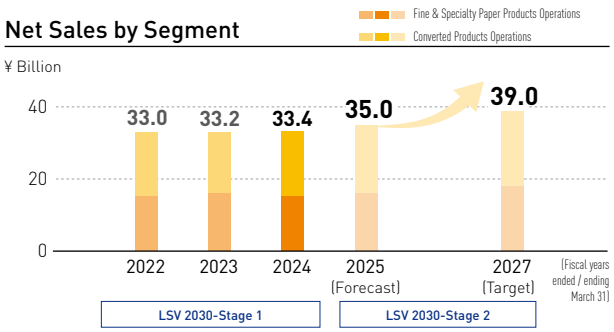
Operating Income by Segment



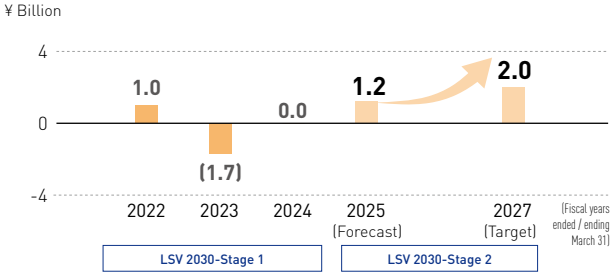
Paper and Converted Products

In the fiscal year ended March 31, 2024, sales volume in this segment was low, but owing to price revisions sales were essentially flat, at ¥33.4 billion, up 0.7% year on year. Despite the negative impact of sustained high raw material prices, particularly for pulp, and rising logistics costs, we benefited from the impact of price revisions, resulting in operating income of ¥0.0 billion, compared with an operating loss in the previous year.

Net Sales by Segment



Operating Income (Loss) by Segment



Printing and Industrial Materials Products

Printing & Variable Information Products Operations

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 2

- Sales growth and improved earnings in North America and Asia
- Efforts toward coexistence with the environment and realizing a circular society, etc.

Masaaki Yoshitake
Managing Executive Officer
Deputy Executive General Manager, Business Administration Div. and Executive General Manager, Printing & Variable Information Products Operations

A Message from the Executive General Manager

In the fiscal year ended March 31, 2024, demand was strong in Japan for adhesive products for seals and labels in the logistics and mail-order businesses, but rising prices dampened overall demand, especially for food products. This as well as moves to eliminate or reduce the use of plastic caused demand to decline in the food and beverage and daily necessities sectors, while overall demand in the adhesive label market, including for industrial and automotive applications, remained weak. Overseas, the Company was affected by economic slowdowns in China and Taiwan, as well as a decline in sales volume at MACTAC AMERICAS, LLC, as a result of prolonged inventory adjustments. In short, the business environment was extremely challenging during the year, both in Japan and overseas.

In the fiscal year ending March 31, 2025, key themes in the domestic market will be the creation of new markets and efforts to increase profitability through improved quality, cost, and delivery (QCD). We will accelerate development and expand sales of environmentally friendly products for which demand is growing, such as plastic-free products, products that help with the 3Rs (reduce, reuse, and recycle), and the use of hot-melt adhesives with less environmental impact. In addition, we will strive to continuously improve profitability by integrating product lines and reducing long-term inventories. Overseas, inventory adjustment in the North American market is progressing and demand is recovering. MACTAC has been aggressively pursuing M&A with a focus on increasing its production capacity, improving market responsiveness, and expanding its new sales network. We will take this local market resurgence as an opportunity to further focus on strengthening our business in North America, where stable growth is anticipated. In Asia, we will work to enhance competitiveness by expanding our product lineup to meet local needs and improving QCD.

Industrial & Material Operations

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 2

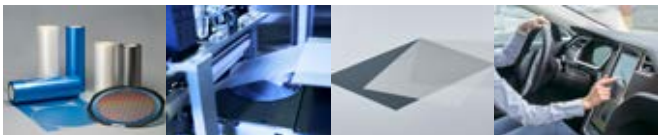
- Further functional enhancements and growth in sales of window film
- New product development and systems sales growth to contribute to solving the labor shortage and improving productivity, etc.

Hideki Miyake
Executive Officer
Executive General Manager, Industrial & Material Operations, Business Administration Div.

A Message from the Executive General Manager

In the fiscal year ended March 31, 2024, sales of adhesive products for automobiles and window film for automobiles were strong in Japan due to a recovery in automobile production. In addition, industrial system-related products such as labeling machines performed well owing to the need for automation in the online market. Overseas, performance rebounded as sales of window film for buildings and automobiles and adhesive products for automobiles were strong in the U.S. and India, and MADICO, INC. in the U.S. benefited from increased demand for safety film for windows at schools and government offices. Segment sales increased year on year due to an improved business environment in Japan and overseas and the effect of price revisions.

Adopting the divisional policy of becoming a division trusted by customers by providing high-quality products and services, in the fiscal year ending March 31, 2025, we will strive to secure sales volume and increase market share by providing new value that meets market needs. In addition to proposing and expanding sales of products for the online and automotive markets, which are expected to grow, we will promote product development focusing on the themes of solventless products, biomass, and recycling for environmentally friendly products, for which needs are increasing. To further expand our business, we will strengthen cooperation with overseas Group companies to provide products demanded by the market based on an accurate understanding of local needs, and we will work to localize production.



Electronic and Optical Products

Advanced Materials Operations

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 2

- Continued capital investment and responding to demand in growing electronics markets
- Development of new tapes, equipment, and proprietary processes related to packaging technologies in semiconductor back-end processes
- Establishing mass production structures for carbon nanotube (CNT) pellicles for extreme ultraviolet (EUV) lithography equipment use, etc.

Kinya Mochida
Managing Executive Officer
Deputy Executive General Manager, Business Administration Div.,
Executive General Manager, Advanced Materials Operations, and General Manager, Business Planning Dept.

A Message from the Executive General Manager

In the fiscal year ended March 31, 2024, the business environment entered a recovery phase in the second half due to large orders for semiconductor-related equipment used in generative AI, rising demand for some high-performance smartphones, and vigorous semiconductor production in China. However, segment sales were down year on year, as the positive factors were overshadowed by an overall slump in the semiconductor market due to inventory adjustments that began in the early fall of 2022.

In the fiscal year ending March 31, 2025, we anticipate a recovery in electronics-related markets as a whole, and we are preparing to ensure we are able to meet demand. We will reinforce our production system to meet increasing demand for semiconductor-related equipment, especially that involving generative AI; develop and propose new products related to packaging technology in the back-end processes of advanced semiconductors; and continue to make capital investments to expand the multilayer ceramic capacitor-related market. We will aim to establish new proprietary processes for semiconductors through technical review meetings, which we hold with our customers on an ongoing basis. Furthermore, we will promote investment in facilities and R&D to establish the first mass production system for highly transparent and durable CNT pellicles for EUV lithography equipment, which are indispensable for the formation of fine circuits for next-generation semiconductors.

Optical Products Operations

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 2

- Rollout of optical display-related adhesive products
- New product development and sales growth for automotive optical clear adhesive (OCA) and other products, etc.

Satoru Shoshi
Executive Officer
Executive General Manager, Optical Products Operations, Business Administration Div.

A Message from the Executive General Manager

The operating environment remained difficult in the fiscal year ended March 31, 2024. The adhesive processing business for polarizing film declined significantly due to intensified competition from new Chinese manufacturers of polarizing film and sluggish demand for various display-related products, such as large-screen TVs. In addition, demand for thick OCA sheets for in-vehicle use and touch panel-related products also remained sluggish as a result of the substantial impact of a slowdown of the Chinese economy.

In the fiscal year ending March 31, 2025, the Company will dramatically downsize its LCD display-related business by liquidating its manufacturing subsidiaries in South Korea and Taiwan, which were engaged in the adhesive processing business for polarizing film. We will shift our business strategy to focus on highly functional areas, such as OLED displays. The market for in-vehicle displays is characterized by a rise in the number of displays, larger screens, and screens of higher image quality. Accordingly, we expect the market for thick OCA sheets to expand, and we will continue working to increase sales in the Chinese market, as well as to develop and market new, highly functional products. Furthermore, to create new business we will concentrate on the development of light diffusion film for reflective LCDs and high-barrier film for next-generation solar cells.

Paper and Converted Products

Fine & Specialty Paper Products Operations

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 2

- Efforts to expand applications for oil-resistant papers
- Development and sales growth for high-performance papers as plastic alternatives, etc.

Satoshi Aoki
Executive Officer
Executive General Manager,
Fine & Specialty Paper
Products Operations,
Business Administration Div.

A Message from the Executive General Manager

In the fiscal year ended March 31, 2024, the pandemic-inspired shift away from paper and toward digital media continued, prompting a decline in demand for many of our specialty paper products, such as our mainstay color papers for envelopes. We responded to this drop in sales volume through price revisions. Profit was severely affected by the decline in sales volume and high raw material and fuel prices, although we took various approaches to improve profitability, such as reducing inventories, consolidating product standards, and revising pulp procurement methods.

For the fiscal year ending March 31, 2025, initiatives in this segment will focus on the policies of improving profitability, boosting sales volume, and creating new products. To improve profits, we will strive to build an efficient production system and maintain appropriate inventories. We will also work to increase sales volume by attracting new customers in growth markets and strengthening overseas development of special-function papers, such as oil- and water-resistant papers. In the creation of new products, we will strive to transition completely to fluorine-free oil-resistant paper and to develop and expand sales of high-performance papers that are substitutes for plastics, such as transparent paper and biodegradable heat-sealing paper.

Converted Products Operations

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 2

- Enhancement of overseas deployment of casting papers for synthetic leather
- Sales growth for casting papers for carbon fiber composite materials, etc.

Daisuke Kii
Executive Officer
Executive General Manager,
Converted Products Operations,
Business Administration Div.

A Message from the Executive General Manager

In the fiscal year ended March 31, 2024, overall segment performance was up year on year. Although sales of release papers for adhesive products and release films for optical-related products were affected by low demand, sales of release papers for electronic materials for high-performance smartphones remained strong. In addition, recovery in the market for airline passengers and a rebound in the domestic automobile market led to robust sales of casting papers for carbon fiber composite materials for aircraft and casting papers for synthetic leather used in automobile seats, partly owing to the impact of price revisions.

In the fiscal year ending March 31, 2025, we believe the overall market will trend toward recovery, and we will work to improve profitability by raising sales volume and reducing costs. Recognizing the importance of environmental measures over the medium to long term, we will continue to promote the usage of solventless release paper, which does not use organic solvents in its production process. We will also concentrate on eliminating the use of polyethylene resin for the lamination of release paper. Our key strategies are to augment market share by boosting sales of casting papers for carbon fiber composite materials for aircraft, for which demand is expected to grow further, and by strengthening global development of casting papers for synthetic leather. Further, we are working on the development of new, early-stage products, such as water-repellent and slip-proof casting papers. We are also anticipating emerging trends by developing new patterns of casting papers for synthetic leather.

SPECIAL 1 FEATURE

Semiconductor-Related Business

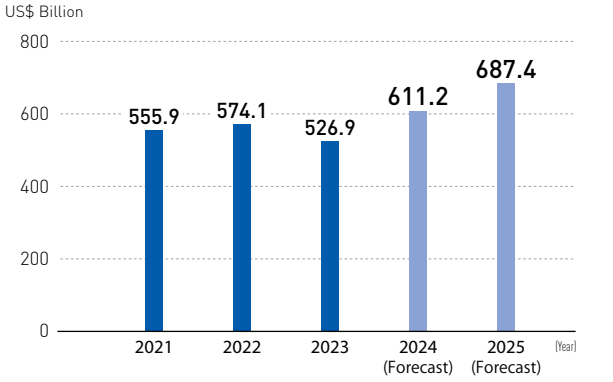
Contributing to an Increasingly Sophisticated Digital Society

The semiconductor-related market has been growing vigorously, buoyed by advances in digitalization. The momentum continues, and demand for semiconductors and electronic components is expected to remain firm due to increasingly high-performance smartphones, PCs, and other electronic devices; the spread of electric vehicles; and the expansion of the generative AI. Our Advanced Materials Operations offer a variety of products, such as semiconductor-related adhesive tapes and equipment and multilayer ceramic capacitor-related tapes, that play a role in our increasingly sophisticated digital society. This section describes the Group's electronics-related products and recent measures to capture growth markets.

Expansion in Semiconductor-Related Markets

Demand for semiconductors grew rapidly owing to such factors as the proliferation of teleworking, which became more entrenched as a result of COVID-19. Demand slowed until the first half of 2023 in reaction to a spike in pandemic-era demand and inventory adjustments, but is showing signs of recovery from 2024 onward, driven by the boom in generative AI. In June, World Semiconductor Trade Statistics, which consists of major semiconductor manufacturers, forecast that the global semiconductor market would expand to US$611.2 billion in 2024, up 16.0% from the previous year. Corroborating this forecast, semiconductor manufacturers are accelerating their investments. Meanwhile, Japanese companies, which have a high share of the global markets for semiconductor production equipment and semiconductor materials, are attracting a great deal of attention.

Semiconductor Market Forecast



Source: World Semiconductor Trade Statistics

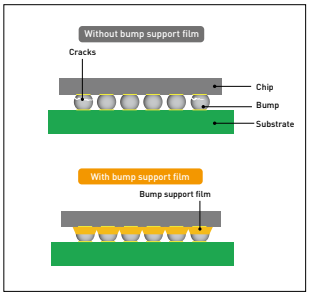
Strengthening of the Development of New Products and Proprietary Processes Related to Advanced Semiconductor Back-End Processes

In September 2023, we moved into the the Research Center for Three-Dimensional Semiconductors, operated by the Fukuoka Industry, Science & Technology Promotion Foundation, and established the Package and Material Development Group as a new R&D organization within the center. The semiconductor manufacturing process is broadly divided into the front-end process of forming circuits on wafers and the back-end process, which includes cutting wafers into chips, wiring them, and assembling them into electronic components. As chip miniaturization approaches its physical limits, technological innovations related to the back-end process, such as stacking multiple chips in three-dimensional packaging, are thought to be the key to achieving even higher semiconductor performance. The center is equipped with a variety of research facilities and has built an integrated development system that can handle everything from design to prototyping, evaluation, and analysis. Several members of our technical staff are stationed at the Package and Material Development Group. We will promote the development of new tapes, equipment, and proprietary processes related to packaging technology in advanced semiconductor back-end processing, such as three-dimensional packaging, by effectively utilizing the various facilities and technological capabilities of the Research Center for Three-Dimensional Semiconductors. Going forward, we will consider strengthening our development system by increasing the number of resident staff and by working more closely with our research laboratories in the cities of Warabi and Saitama, Saitama Prefecture.

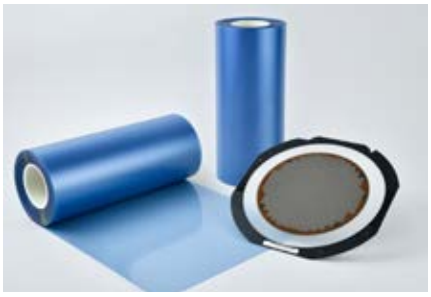
Research Center for Three-Dimensional Semiconductors (Fukuoka Prefecture)

Launch of a Bump Support Film That Helps Improve the Durability and Reliability of Semiconductor Chips

In May 2024, we introduced a new product into the market: bump support film. This film improves the durability and reliability of semiconductor chips by protecting the bumps of resin where electrodes protrude at the substrate connections of semiconductor wafers. As electronic devices have grown smaller, lighter, and more sophisticated in recent years, the semiconductor packages used in them have also needed to become more compact, lightweight, and densely mounted. Against this backdrop, wafer level chip scale package (WLCSP) technology has emerged. This packaging technology involves processing on the wafer and mounting the chip directly on the substrate after wafer cutting. However, the WLCSP structure produces protruding bumps where electrodes connect to the board, and cracks can occur in this area when packages are subjected to thermal deformation or stress. Bump support film helps to address this problem and improve the durability and reliability of semiconductor chips. We aim to increase sales by customizing this film to different bump sizes and shapes and by optimizing proposals for individual customers' wafers.

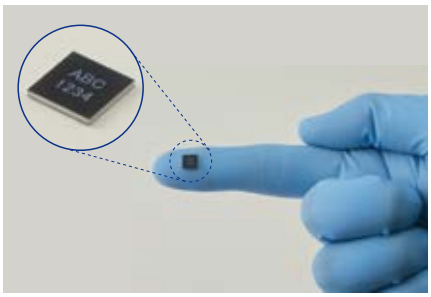


Cross-section of a semiconductor chip


Bump support film and semiconductor wafer

Participation in a National Project to Establish Technology to Prevent Semiconductor Counterfeiting

Amid imbalances between semiconductor supply and demand and a growing number of applications, counterfeit semiconductors are becoming an increasingly serious problem. In addition to posing a serious security risk for private firms, counterfeit products can also affect national economic security. In response to this important global issue, we participated in an R&D project to establish anti-counterfeiting technology for semiconductors, responding to a public tender by NEDO* as part of a national project promoted by the Cabinet Office, the Ministry of Economy, Trade and Industry, and other organizations. We guarantee the authenticity of semiconductor chips by applying special inkjet printing and employing other methods on our proprietary backside coating tapes to give them unique characteristics. Industry, academia, and the government are working together to develop this anti-counterfeiting technology.

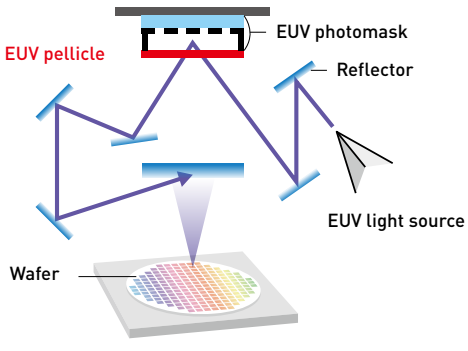


Chip authenticity is guaranteed by applying special inkjet printing (ID assignment) and other methods that intentionally add random features to tape.

* New Energy and Industrial Technology Development Organization

Development of Elemental Technology Used in CNT Pellicles for EUV Lithography Equipment

The LINTEC Group has developed elemental technology for carbon nanotube (CNT) pellicles (dust-proof materials) for extreme ultraviolet (EUV) lithography equipment. Pellicles serve as a dust-proof film, preventing foreign matter from adhering to a photomask (the original plate of a circuit pattern). Traditionally, products based on polysilicon and other materials have been used for this purpose, but in recent years the call for highly durable pellicles made from CNTs has grown in line with improvements in the performance of EUV lithography equipment, which is essential for semiconductor miniaturization. At the Nano-Science & Technology Center, the R&D base in Texas where we develop CNT sheets, we have been exploring new applications for CNTs for some time. Our new elemental technology is the fruit of efforts to develop CNT pellicles dating back to 2018. We are investing around ¥5.0 billion to establish the first mass production system for this technology, and we expect operations to commence by the fiscal year ending March 31, 2026. Unlike the tape materials we have developed to date, which are used in the back-end process of semiconductor manufacturing, pellicles are used in the front-end process. We will use CNT pellicles as a starting point to develop new business areas and further expand our semiconductor-related business.



Inside an EUV lithography system

SPECIAL 2 FEATURE

Human Resource Strategy

A Human Resource Strategy to Enhance Corporate Value

Human resources are the LINTEC Group's most important asset for improving corporate value over the medium to long term. Our long-term vision, LSV 2030, emphasizes our human resource strategy, and we have been implementing flexible personnel system reforms that are sensitive to changes in our society and operating environment. However, rather than simply adopting HR systems to be in line with social trends, we focus on building systems that will improve and strengthen the corporate structure and enhance business performance.

Human Capital Management

Business Strategy	Improvement and strengthening of corporate structure and enhancement of business performance
Interaction	
Human Resource Strategy	**Creation of an environment in which employees can work energetically** (diversity and inclusion,* work-style reform, and occupational health and safety) **Identification of human assets and their development into a competitive force** (career development) **Revitalization of communication** (increase in engagement and cross-organizational projects)

* Initiatives to promote corporate growth through diverse human resources

Message from the Executive General Manager, General Affairs & Human Resources Div.

Under our previous medium-term business plan, LSV 2030-Stage 1, which concluded in the fiscal year ended March 31, 2024, we introduced some flexible HR system reforms, such as mandatory retirement at age 65, and we increased the rate and number of parental leave days male employees could take. This fiscal year, the fiscal year ending March 31, 2025, marks the first year of our new medium-term business plan, and we are accelerating efforts to realize the key initiatives spelled out in our long-term vision, LSV 2030. From the perspective of human capital management, we will continue to conduct an employee survey. By doing so, we will strengthen the organization by identifying problem areas and implementing action plans. As a result, we expect to create a virtuous cycle of improved performance owing to increased job satisfaction and motivation of employees, and consequent improvement of employee compensation. We have also embarked on digital transformation in the area of human resources. As one example of these efforts, we are building a talent management system. Having an HR system that can accurately ascertain the skills, abilities, and career plans of each individual will help us to optimize personnel assignments and take other measures that allow individuals to demonstrate their abilities more fully than ever before. We are also working to ensure diversity in our human resources by hiring mid-career professionals and non-Japanese employees. For non-Japanese employees, LINTEC will promote succession planning for overseas bases. We expect executive candidates will have opportunities to work at LINTEC headquarters or other sites, without limiting them to just one option. We are also considering the introduction of job-specific employment to help promote the employment and success of people who are experts in specific areas.

Our human resource strategy and business strategy are inseparable aspects of our management, and making the most of our employees' abilities will contribute greatly to improving corporate value over the medium to long term. We will continue to implement personnel system reforms with a focus on improving and strengthening our corporate structure and enhancing business performance.

Tsunetoshi Mochizuki

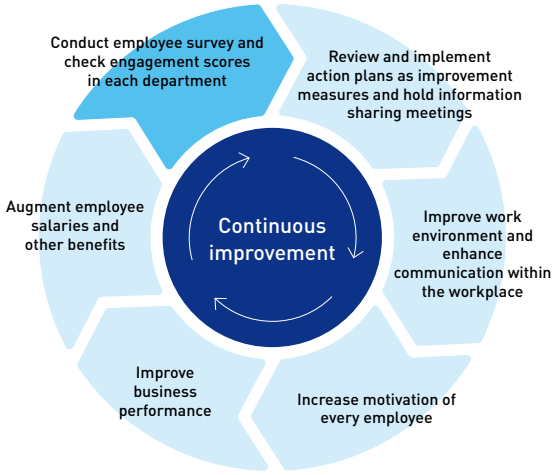
Director, Senior Managing Executive Officer
Executive General Manager,
General Affairs &
Human Resources Div.

Initiative 1

Employee Surveys

To maximize the value of our human resources, we are working to create a system that enables a diverse range of employees to feel satisfied with their work. As part of this process, the LINTEC Group conducts employee surveys and works to incorporate employee feedback into its human resource strategy.

Our employee survey identifies engagement scores by affiliated location and analyzes their relationship to our action plans. Although we only began conducting the employee survey in 2023, some departments have already seen major increases in engagement scores, confirming the survey's effectiveness. The survey helps with coordinating effective action and sharing knowledge of this action within the Company.



Initiative 2

Key Personnel Systems for Ensuring Diversity of Human Resources and Improving Comfort in the Workplace

Professional Human Resource Certification System (CP System)

To secure expert human resources, offers treatment separate from the qualification grading system applied to general employees

Career Return System

System for rehiring talented former employees who had left the Company for personal reasons or to advance their careers outside the Company, by changing jobs or studying abroad, and deploying them immediately

Annual Paid Leave in Hourly Increments

Partial use of paid leave in one-hour increments if certain conditions are met

Percentage of annual paid leave taken:

76.5% in the fiscal year ended March 31, 2024
(up 3.8 percentage points from the previous year)

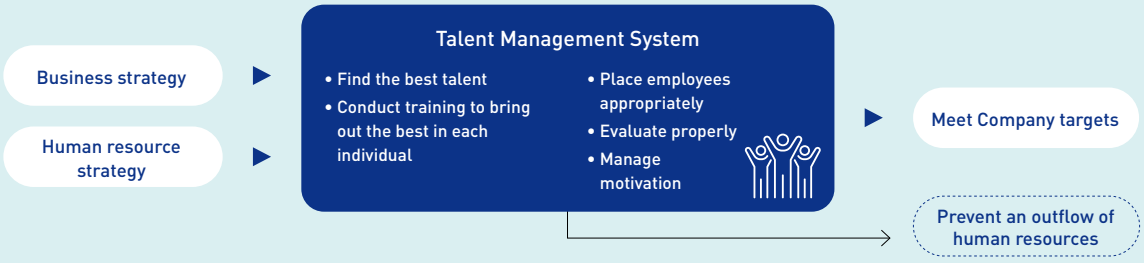
Male Employees Taking Childcare Leave

In addition to taking childcare leave, employees may take leave to accompany a spouse at the birth of a child or when leaving the hospital or to register the birth of a child. Uniquely, the first five days of postpartum leave are paid

Highlight

Talent Management System

We are creating a talent management system with a view to starting operation in the fiscal year ending March 31, 2026. By making HR information such as the skills and abilities that each employee has acquired visible, the Company will strive to increase its competitiveness by optimally allocating employees to positions where they can maximize their capabilities. We seek to create a system that benefits both the Company and employees.



SPECIAL FEATURE 3

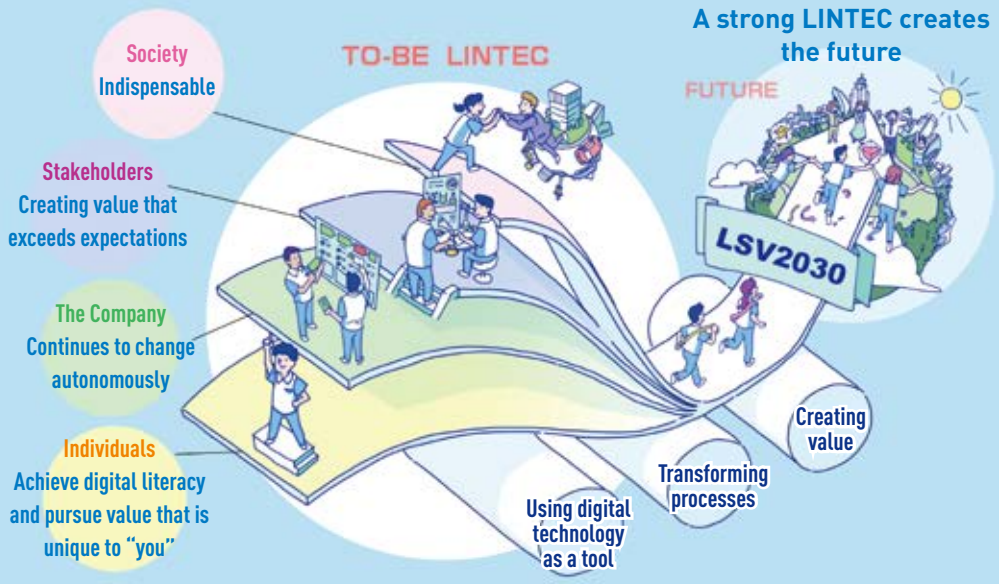
LDX 2030

Anatomy of LDX 2030:

The Key to Realizing Our Long-Term Vision

In October 2022, the Company launched LDX 2030, a project to promote digital transformation (DX). We must move forward with DX in order to "foster innovation to build a robust corporate structure," one of the key initiatives set forth in our long-term vision, LSV 2030. We are using this project as a litmus test to determine whether the long-term vision is achievable. In phase one we formulated our "digital vision," which set the direction we are aiming for with DX, and have moved through phase three, which determined specific action plans. In April 2024, we commenced phase four, the execution stage. We are finally putting into action the seven transformation themes we have been discussing to achieve our vision for 2030: A strong LINTEC creates the future.

Conceptual Diagram of LDX 2030



Maximizing the power of people with the support of DX to create the future

DX helps maximize the power of people to create the future. LDX 2030 defines this concept. Formulating the concept involved interviews with the chairman, president, and other members of the management team about their expectations for DX and their sense of crisis about the current situation. After identifying management issues, we worked to visualize what kind of company we want to be. We then conducted workshops with change leaders for each theme and with the young and mid-career members who will make up the Group's next generation of leaders. Our approach was characterized by setting milestones by backcasting from our ideal future.

Building a Management Foundation and Fostering a Corporate Culture to Drive Change

LDX 2030 sets forth seven transformation themes that encapsulate our aspirations. To address these themes, we have established six subcommittees, which focus on the revitalization of communication, the cultivation of LDX personnel, business process-driven DX, digitalization of sales processes (sales DX), the dissemination of external information, and the construction of next-term foundations and systems. In phase four, each subcommittee will move forward on action plans and consider specific key performance indicators (KPIs). For example, the subcommittee on the cultivation of LDX personnel will aim to ensure that each department has at least one employee who is familiar with LDX and can link business operations and digital technology with the goal of improving the digital literacy and skills of all employees. The subcommittee focusing on business process-driven DX will undertake measures to resolve issues uncovered when taking inventory of and analyzing operations in the previous three phases. In this way, we aim to build a management foundation and foster a corporate culture that can drive change.

Seven Transformation Themes of LDX 2030

1. Revitalize internal communication to instill a mindset of change as part of our corporate culture
2. Develop digital human resources for strong personnel and a robust organization
3. Business process reengineering (BPR) that proactively utilizes digital technology
4. Build a mechanism that digitizes intuition and experience to enable data-based decision-making
5. Improve sales efficiency with sales DX and build a system to develop products based on customer needs
6. Proactively communicate information outside the Company
7. Consider reallocating and optimizing domestic and overseas systems

Creating Value That Exceeds Stakeholder Expectations

LDX 2030 has progressed to around the halfway mark of all the phases without experiencing any significant delays to its road map. We are making good progress, but to meet our goals ahead of schedule without waiting until 2030, each employee—not just the subcommittee members—must take personal ownership of LDX 2030. The key to success is for all employees to face in the same direction. We intend to redouble our efforts to educate digitally savvy human resources, including new-graduate hires, and to make them aware of the project. By strengthening our corporate structure through DX, we will create value that exceeds the expectations of our stakeholders. We will do so by reinforcing our foundation to ensure profitability no matter how the operating environment changes.

LDX 2030 Road Map by Subcommittee