

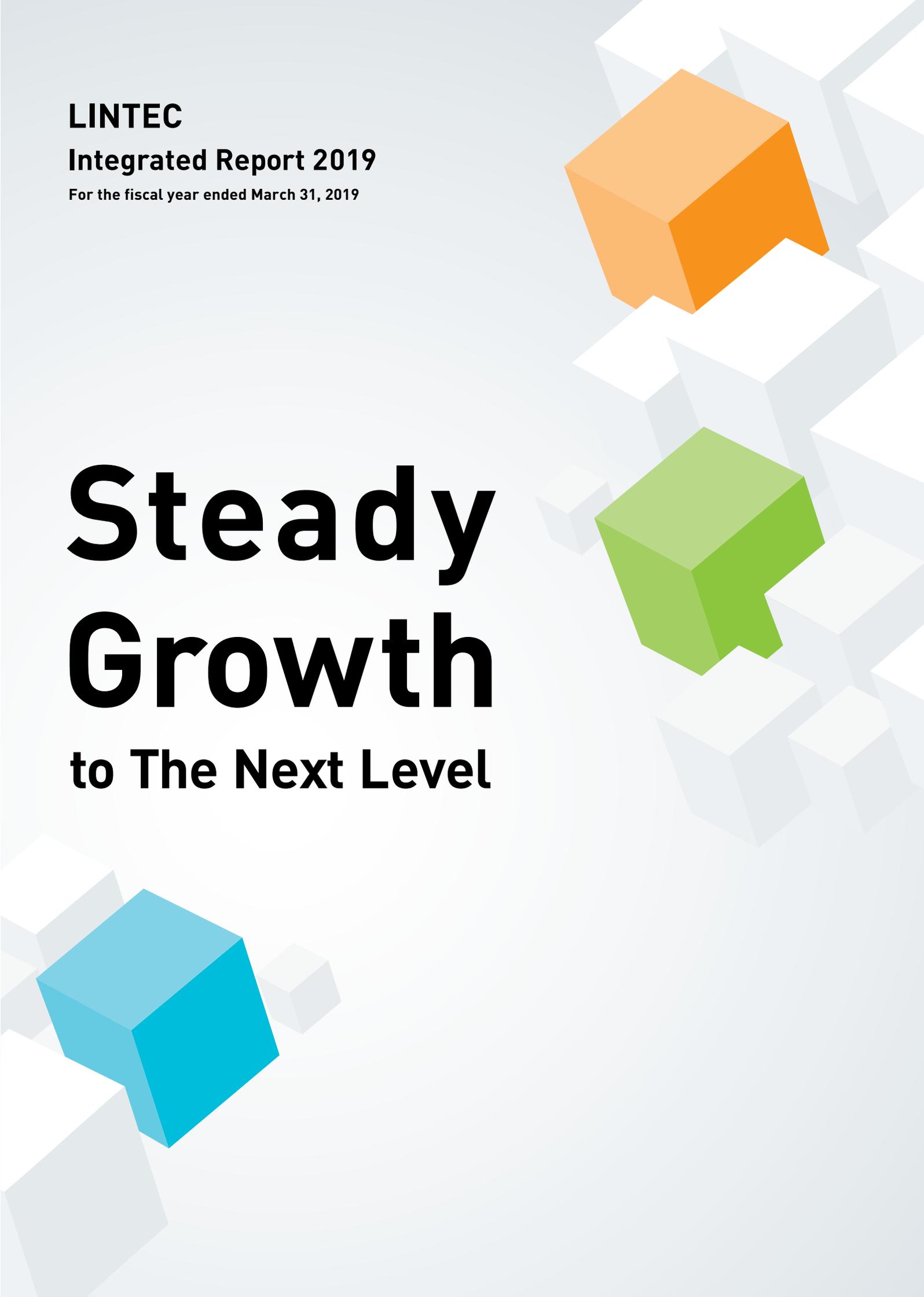
LINTEC

Integrated Report 2019

For the fiscal year ended March 31, 2019

Steady Growth

to The Next Level





Editorial Policy

This report is meant to help shareholders and other 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 the following guidelines, this report introduces not only performance 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 CSR report, which provide additional information that is not included in this report.

Guidelines Used as References

International Integrated Reporting Council (IIRC)	"International Integrated Reporting Framework"
Ministry of Economy, Trade and Industry	"Guidance for Collaborative Value Creation"

Reporting Period

This report covers the period from April 1, 2018 to March 31, 2019. However, some of the information includes content from April 1, 2019 onward.

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 and circumstances.

Positioning of Integrated Report



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Linking your dreams *... to the future through technologies.* **We are LINTEC.**

A company that integrates technologies to create multifaceted value.

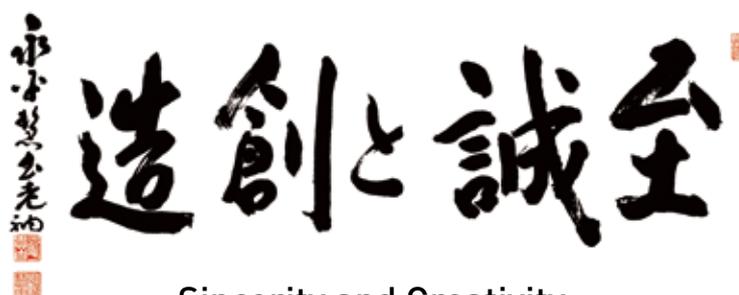
A company where all employees work together and continually do their utmost to help realize the dreams of people around the world.

A technology-centered company that links your dreams to the future. Please look forward to great things from LINTEC as we take on new challenges.

Linkage + *Technology* =



Company Motto



Sincerity and Creativity

Mission Statement

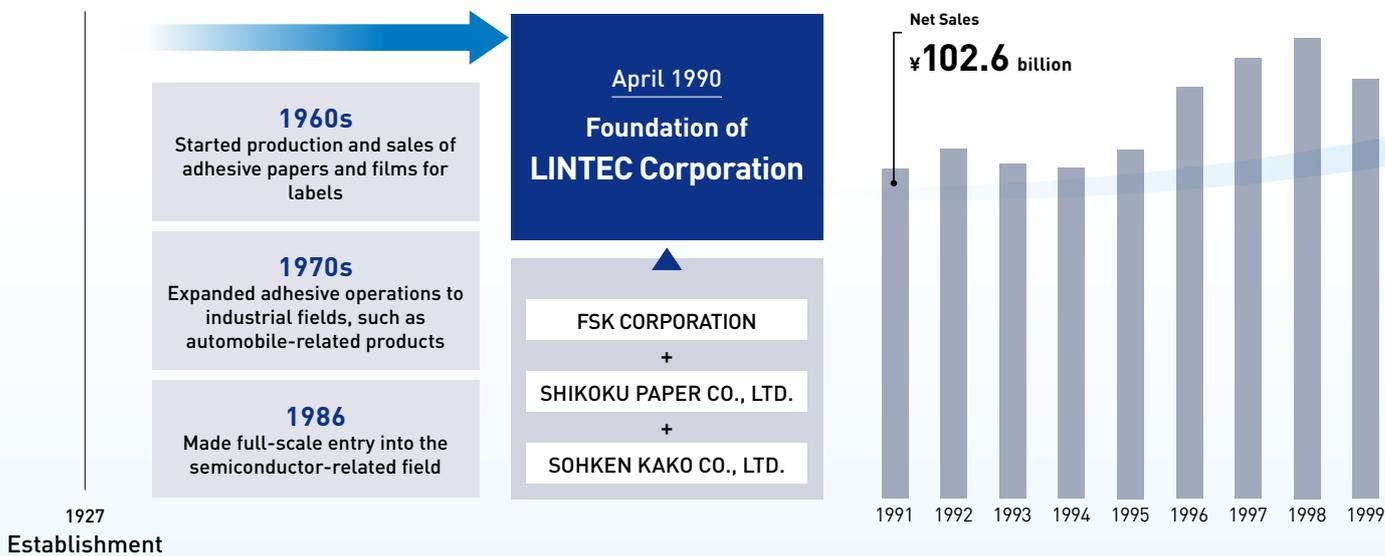
The company name LINTEC derives from “linkage” and “technology,” two key components of our business philosophy, which emphasizes the importance of close relations, inside and outside the company, and leading-edge R&D programs. By bringing these together to develop innovative solutions, we have established 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

LINTEC's History

Achieving Steady Growth by Meeting the Needs of the Times

In 1990, a vertical integration was implemented by three companies—a manufacturer with advanced adhesive technologies, a manufacturer with papermaking technologies for release base papers, and a manufacturer with production technologies for release papers and films. This significant initiative resulted in the foundation of LINTEC Corporation. At the same time, the merger of those three companies was also the start of LINTEC's subsequent global business initiatives.



Up to 1990

In 1927, we were established as a company engaged in the manufacturing and sales of gummed tape for packaging. In the 1960s, we started to manufacture and sell adhesive papers and films, which are currently mainstay businesses for the Company. We subsequently expanded the scope of our adhesive operations to industrial fields, such as automobile-related areas. In 1986, we made a full-scale entry into the field of semiconductor-related products. The merger of three companies in 1990 established the foundation for our current position as a leading company in various adhesive products, specialty papers, release papers and films, and other products.



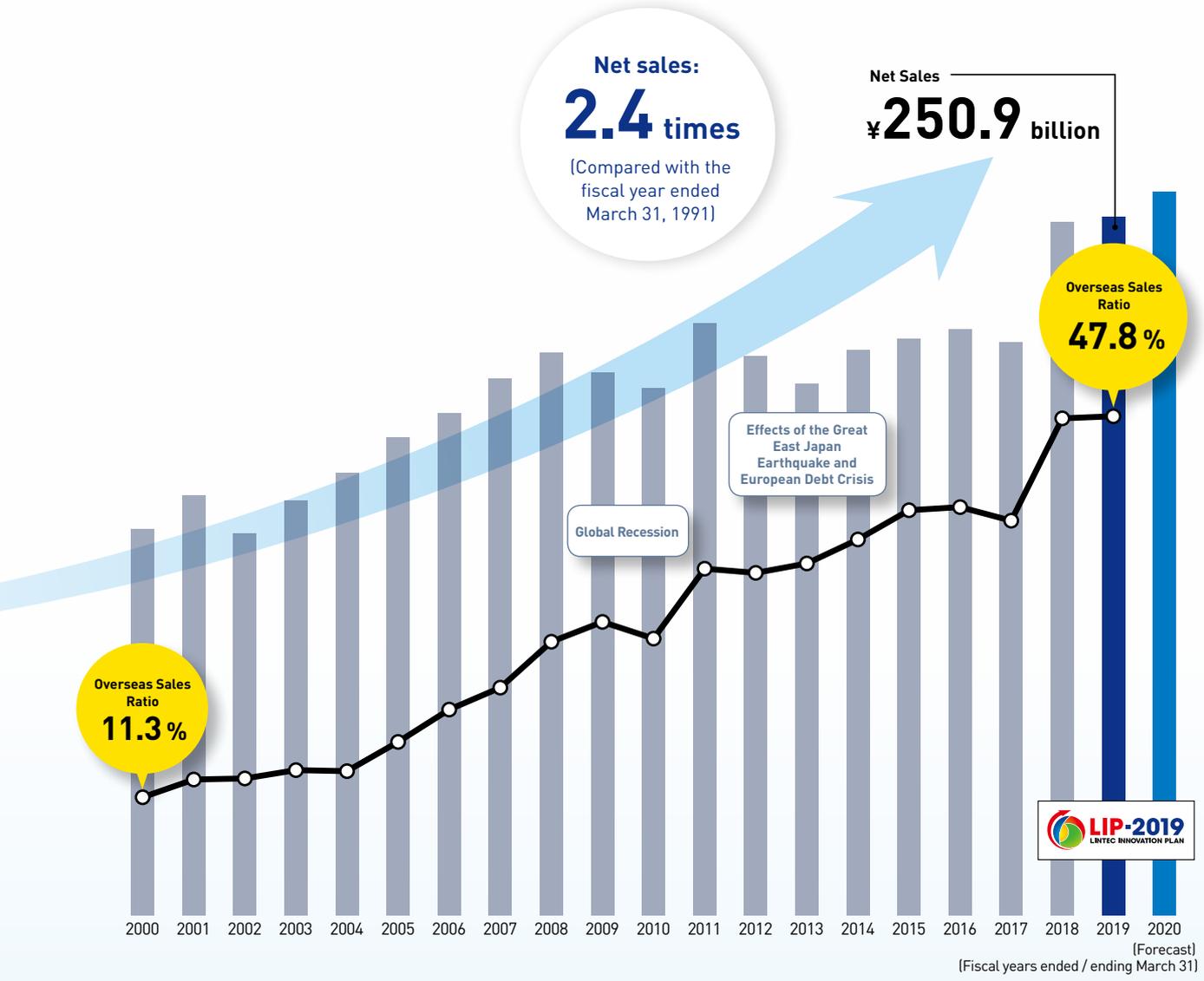
Gummed tapes

1990s

In 1991, we made a full-scale entry into the liquid crystal display (LCD) related products field. In 1994, we established a production subsidiary in Indonesia for adhesive papers and films for labels. In the following year—1995—we advanced the globalization of our business with the establishment of sales subsidiaries in Singapore and the Netherlands. In Japan, in 1995, we acquired a manufacturer of adhesive materials and constructed a new building at our Research Center. In these ways, we worked to further strengthen our business foundation.



PT. LINTEC INDONESIA



2000s **2010s**

Starting with the establishment of an electronic components-related production subsidiary in Malaysia in 2000, from 2002 to 2004 we established production subsidiaries in South Korea and Taiwan in the semiconductor-related, LCD-related, and other fields. In addition, we established semiconductor-related product sales subsidiaries in Asia, Europe, and other markets, and as a result the electronics-related business became a major driver of the Group's growth. Furthermore, we took steps to accelerate our global business development, such as establishing a label-related products production subsidiary in China in 2002.



LINTEC KOREA, INC.

In 2010, we completed the rebuilding of the Tatsuno Plant (Hyogo Prefecture), which is our main plant for adhesive papers and films for labels. Furthermore, in 2015, we established the Advanced Technology Building at the Research Center (Saitama Prefecture). In these ways, we took steps to strengthen our production and R&D system in Japan. Subsequently, in 2016, we acquired three companies in Europe and the U.S., including a U.S. manufacturer of adhesive materials with sales of more than ¥35.0 billion. In this way, we entered a new growth stage.



Automated product warehouse at the Tatsuno Plant

LINTEC's Strengths

Two Major Strengths that Support Stable Growth

LINTEC has four core technologies, including adhesive applications, and an earnings structure based on balanced business portfolio that does not depend on any single field. These two major strengths have supported the Company's stable growth.

Realizing Total Solutions with Materials and Equipment

Leveraging technologies in the fields of adhesive applications, surface improvement, and specialty papers and release materials production, LINTEC has achieved integrated production of adhesive products, from the manufacturing of release base paper to the development and coating of release agents, development and coating of adhesives, and facestock improvement processing. In addition, through the use of technologies in the field of system development, we are also conducting the development and production of related equipment that fully draws out the special characteristics of adhesive products. In this way, we realize total solutions that include materials and equipment.

Four Core Technologies

Surface improvement

Through the chemical and physical processing of the surfaces of paper and film, we are enhancing their characteristics and adding new functionality.

Adhesive applications

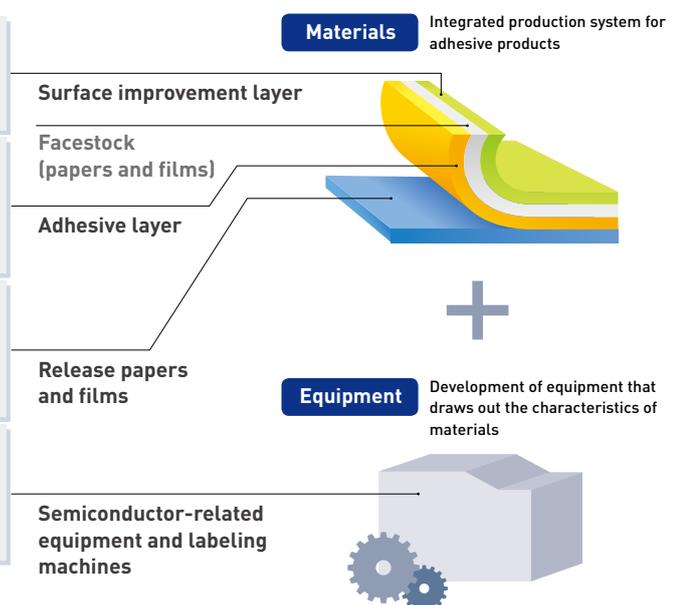
Through the development of adhesives and substrates and the combination of related technologies, we are expanding the range of fields in which the basic functions of adhesive products, primarily adhesion and release, are utilized.

Specialty papers and release materials production

We use original papermaking technologies and coating, impregnation, and laminating technologies to develop special function papers and high-value-added materials that transcend traditional concepts of paper.

System development

Through the systemization of machinery and equipment and building high-level systems that draw on the distinctive characteristics of materials, we are providing advanced solutions.

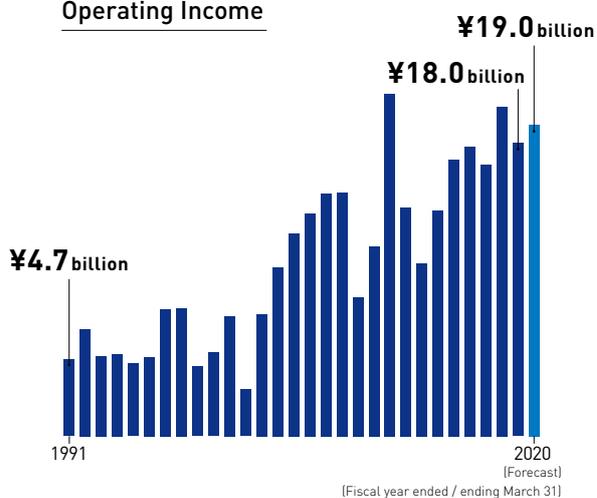


Stable Earnings Structure That Is Less Susceptible to Market Volatility in Any Single Industry

In recent years, the earnings drivers among the Group's diverse product lineup have been products for the semiconductor, electronic component, and optical-related industries, which have undergone rapid market growth. Meanwhile, sales have been comparatively stable in relation to mainstay adhesive products for labels used for food and beverages, daily necessities, consumer electronics, pharmaceuticals, and other products, and these fields firmly underpin our earnings. In this way, a distinctive feature of LINTEC's operations is that our businesses extend over a wide range from growth businesses to foundation businesses, and we do not rely on any single industry. Because we are less susceptible to the influence of market conditions in a single industry, we can generate stable earnings, and we have maintained a record of operating profitability up to the current day.

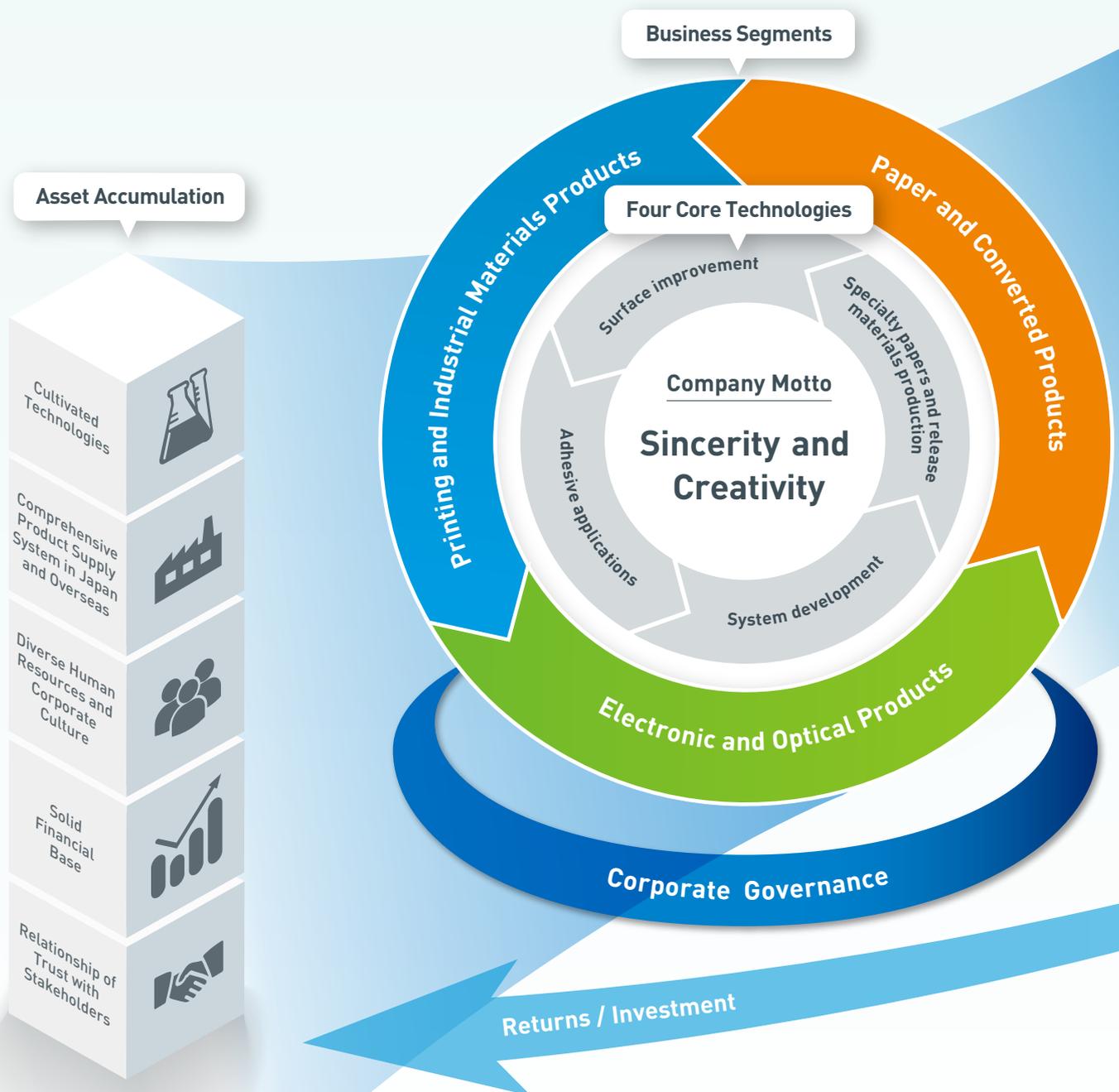


Operating Income



LINTEC's Value Creation Process

From its establishment to the present, the LINTEC Group has built-up a wide range of assets. 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. The resulting profits are returned to stakeholders and invested in the future to create new value. Through this value creation process, the LINTEC Group aims to achieve sustained growth together with society.



Sustained growth for both society and LINTEC

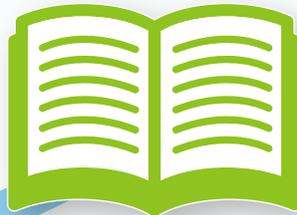
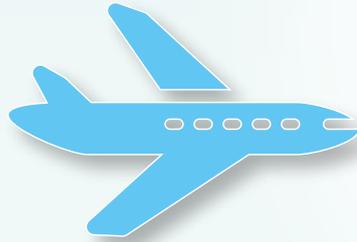


Contributing to the achievement of the SDGs



Creating value

through the resolution of issues
facing society and customers

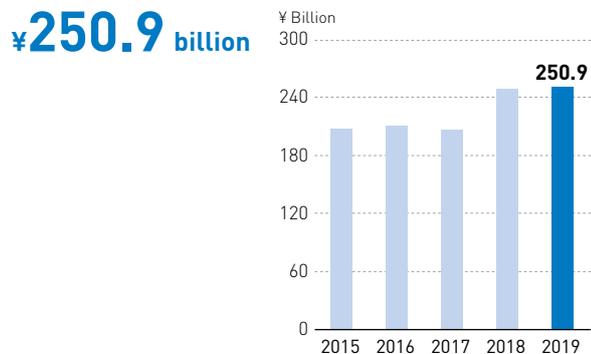


Performance Highlights

Figures are for LINTEC Corporation and consolidated its subsidiaries (environment-related data is for LINTEC Corporation on a non-consolidated basis). Fiscal years are for periods ended March 31.

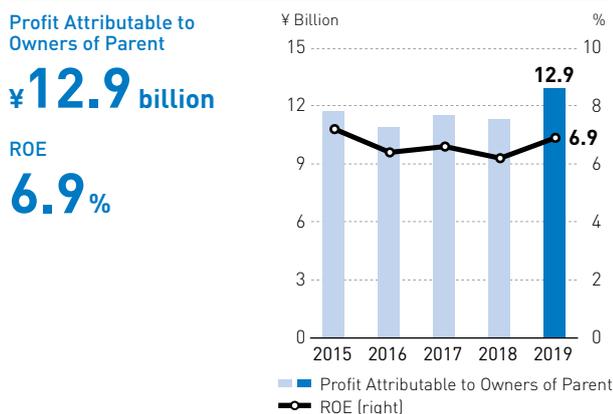
Financial Information

Net Sales



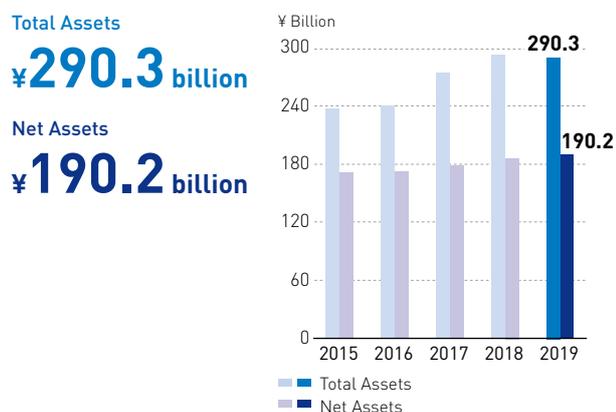
Net sales reached a record high, due primarily to increased sales in Industrial & Material Operations and Advanced Materials Operations.

Profit Attributable to Owners of Parent / Return on Equity (ROE)



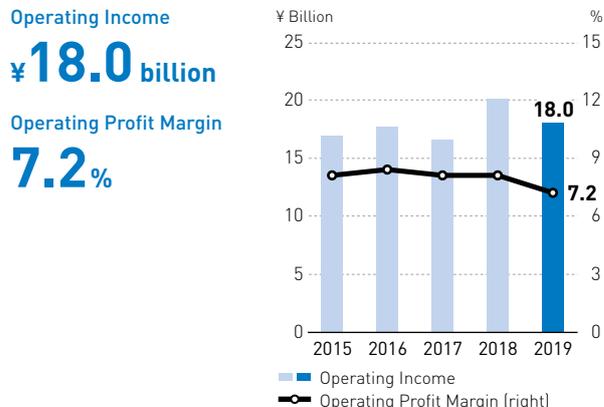
In the previous fiscal year, we recorded impairment loss of goodwill and provision for business structure improvement as extraordinary losses. As a result, profit attributable to owners of parent increased and ROE improved.

Total Assets / Net Assets



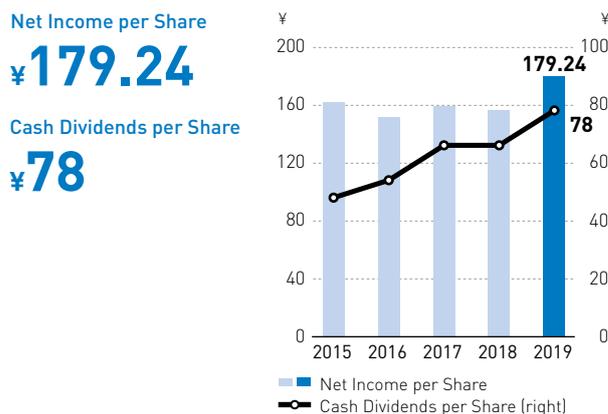
Total assets decreased due to a decline in goodwill, etc., but net assets increased as a result of higher retained earnings and other factors. The equity ratio was 65.3%.

Operating Income / Operating Profit Margin



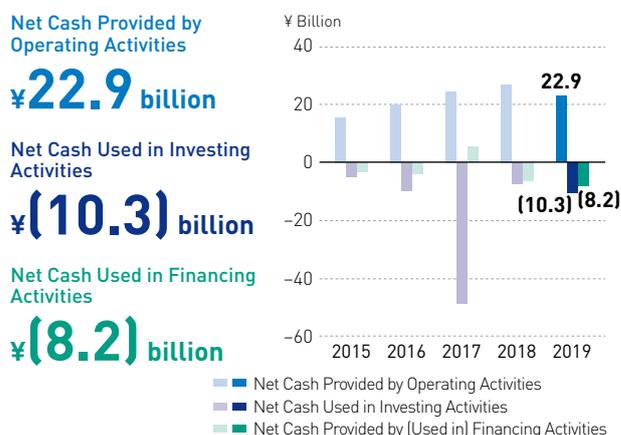
Non-consolidated sales quantity declined and the sales mix deteriorated. In addition, prices of raw materials and fuel, centered on pulp, increased. As a result, operating income declined and the operating profit margin worsened.

Net Income per Share / Cash Dividends per Share



In accordance with our basic policy of providing stable, continuous dividends, accompanying an increase in net income per share, the per-share dividend was a record high of ¥78. The dividend payout ratio was 43.5%.

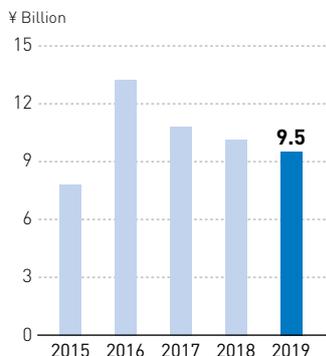
Cash Flows



Cash flows from operating activities were positive, while cash flows from investing activities were negative due to purchase of property, plant and equipment, etc. Cash flows from financing activities were negative due to the payment of dividends, etc.

Capital Expenditures

¥9.5 billion



Capital expenditure totaled ¥9.5 billion due to production base restructuring accompanying the management rationalization at MADICO, INC., in the U.S.; the expansion of the release film coating facility at the Agatsuma Plant (Gunma Prefecture); etc.

Depreciation and Amortization / Amortization of Goodwill

Depreciation and Amortization

¥8.7 billion

Amortization of Goodwill

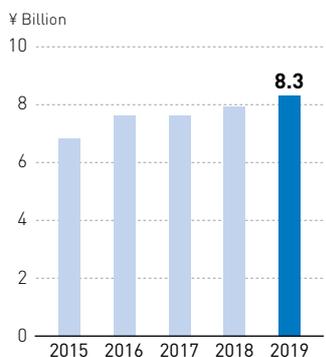
¥3.3 billion



Depreciation and amortization was ¥8.7 billion. Also, amortization of goodwill was ¥3.3 billion, due principally to the amortization of goodwill resulting from the acquisition of MACTAC AMERICAS, LLC at the end of 2016.

R&D Expenses

¥8.3 billion

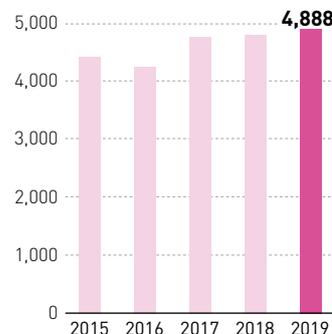


As a technology-centered company, LINTEC is strengthening its R&D capabilities in Japan and overseas. R&D expenses were up ¥0.4 billion from the previous fiscal year, to ¥8.3 billion.

Non-financial Information

Number of Employees

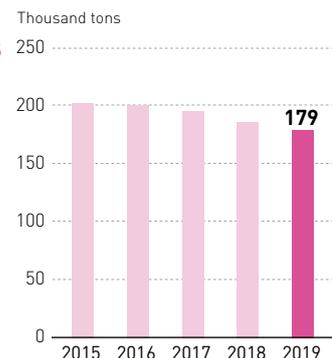
4,888



On a consolidated basis, the number of employees was 4,888, an increase of 94 employees year on year. On a non-consolidated basis, LINTEC had 2,573 employees.

CO₂ Emissions

179 thousand tons



At each production base, the Company is advancing the installation of new facilities to reduce environmental impacts and revising production processes. CO₂ emissions volume was down 7 thousand tons year on year, to 179 thousand tons.

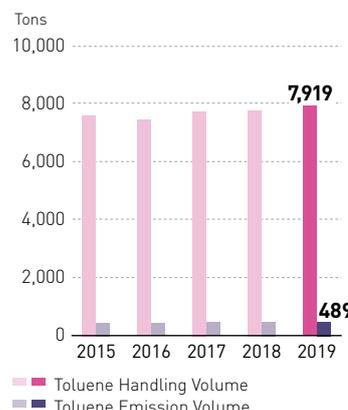
Toluene Handling Volume / Toluene Emission Volume

Toluene Handling Volume

7,919 tons

Toluene Emission Volume

489 tons



Toluene is a volatile organic solvent that is mainly used during adhesive and release agent coating. We are aiming to reduce our toluene handling and emissions volumes. In the fiscal year ended March 31, 2019, a small year-on-year increase was recorded due to higher production volume.

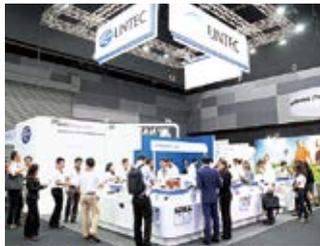
Major Activities in FY2019

This section introduces the Group's principal initiatives, IR activities, and new products in the period from April 1, 2018 to March 31, 2019.

CORPORATE

1 May 10 to 12

Exhibited at Labelexpo Southeast Asia 2018, the first label-related exhibition in Southeast Asia, held in Thailand



2 May 16

Invited people with disabilities, elementary school students on youth baseball teams, and others living in Itabashi-ku, Tokyo, to a professional baseball game at Tokyo Dome

3 September 6

Participated in Mizuho Investment Conference Tokyo and conducted IR meetings with overseas institutional investors

4 September 25 to 27

MACTAC AMERICAS, LLC, exhibited at Labelexpo Americas 2018, the largest label-related exhibition in North America



2018

1 2

3 4

Apr.

May

Jun.

Jul.

Aug.

Sep.

A

B

C

D

PRODUCTS

A April 2

Launched low-reflection film for window glass that reduces glare from reflections and clearly shows what is on the other side of the glass



Before installation



After installation on both sides of window glass

B June 1

Launched a lineup of tea-green items that utilize a new creative paper product with a distinctive texture and optimally showcase Japanese taste





Please consider using LINTEC's IR news mailing service.

To deliver a wide range of news to shareholders and investors, including financial results and new product information, LINTEC offers an investor relations mail distribution service. If you would like to receive this service, please register on the investor relations section of the Company's website. The QR code on the right can be used for easy access.



<p>5 October 8 Held a jazz concert for people with disabilities and other people who live in Itabashi-ku, Tokyo</p> 	<p>6 November 1 U.S. subsidiary MADICO, INC., transferred its head office functions to a new base in Florida</p>	<p>8 December 21 to 24 Supported Japan Figure Skating Championships 2018</p>	<p>10 March 4 Opened the Chongqing office of LINTEC (SUZHOU) TECH CORPORATION, a subsidiary in China</p>
<p>7 November 30 Our invitations of people with disabilities and others to watch professional baseball games were highly regarded, and we acquired Tokyo Sports Promotion Company certification for the fourth consecutive year</p>	<p>9 February 27 Participated in the SMBC NIKKO Japan Series "Executive Conference Tokyo" and conducted IR meetings for overseas institutional investors</p>	<p>11 March 7 Participated in Daiwa Investment Conference Tokyo and conducted IR meetings with overseas institutional investors</p>	

2019

5	6	7	8	9	10	11
Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	

E

C June 20
Launched labelstocks that offers superior durability and meets marine transportation standards



D July 17
Launched aluminum vapor deposition labelstocks that use recycled PET



E February 15
Launched a lighting film that brightens an entire room when applied to window glass



Before installation



After installation