



Strategy

LINTEC is working to raise corporate value by efficiently utilizing the assets built up to date, developing products that meet market needs, and delivering them to a large number of customers in Japan and overseas. This section introduces LINTEC's financial, marketing, and research strategies, centered on messages from the Executive General Manager of the Administration Div., who is the Company's CFO; the Executive General Manager of the Business Administration Div., who is the head of the Marketing Division, the Executive General Manager of each business operation, and the Executive General Manager of the Research & Development Div.

A Message from the CFO

I will aim to enhance corporate value by increasing profitability and capital efficiency.

Yoichi Shibano

Executive Officer and CFO
Executive General Manager,
Administration Div. and
General Manager,
Finance & Accounting Dept.



Review of the Fiscal Year Ended March 31, 2020

Due to an adjustment phase in the electronics-related market, in the Electronic and Optical Products segment, sales declined by approximately ¥8.4 billion year on year. Overall, the Company's net sales in the fiscal year under review declined by more than ¥10.0 billion. In addition, in Printing & Industrial Materials Products Operations, which account for approximately half of consolidated net sales, operating income was down by 75% year on year. The worsening of earnings in Printing & Variable Information Products Operations on a non-consolidated basis was especially notable. At this point, we have launched a countermeasures team and are moving ahead with a detailed analysis. A primary factor was the decline in sales of

adhesive films, which have high profitability, due to sluggish sales of seasonal products as a result of unseasonable weather, the suspension of beverage campaigns, etc. However, to build a foundation that is less susceptible to fluctuations in the business environment, further cost reductions will be necessary. We believe that we need to set up cost reductions, including measures to improve plant operations, increase production efficiency, and save labor as well as initiatives to improve procured material costs and distribution costs. In addition, the key to growth in this business will be the expansion of our share in Southeast Asia. In regard to this point, we will consider the use of capital if necessary, such as through M&A initiatives.

Influence of COVID-19 and Consolidated Business Results Forecasts for the Current Fiscal Year

Looking at our consolidated business results forecasts for the fiscal year ending March 31, 2021, the spread of the COVID-19 infection is expected to lead to the cancellation or postponement of various events, a sluggish automotive market, reduced production of aircraft, etc. Accordingly, we are expecting a certain level of negative influence on a variety of business fields. On the other hand, new demand is also being created, such as the growth of consumption related to people staying at home and tele-working. It is difficult to accurately foresee the influence of the global

COVID-19 crisis. At our results presentation in May 2020, our results forecast for the fiscal year ending March 31, 2021, was the same level as in the fiscal year ended March 31, 2020, based on the assumption that business activity would start to return to normal from the third quarter. However, there is still no global resolution in sight, and if it becomes necessary to revise our results forecast due to the lengthening of the spread of the infection, then we will make an announcement promptly.

A Message from the CFO

FY2020 Consolidated Results and FY2021 Forecasts

	Fiscal year ended March 31, 2020 (year on year)	Fiscal year ending March 31, 2021 (year on year)
Net Sales	¥240.7 billion (-4.1%)	¥240.0 billion (-0.3%)
Operating Income	¥15.4 billion (-14.1%)	¥15.0 billion (-2.9%)
Profit Attributable to Owners of Parent	¥9.6 billion (-25.6%)	¥11.0 billion (+14.3%)

Financial Condition and Investment Strategy

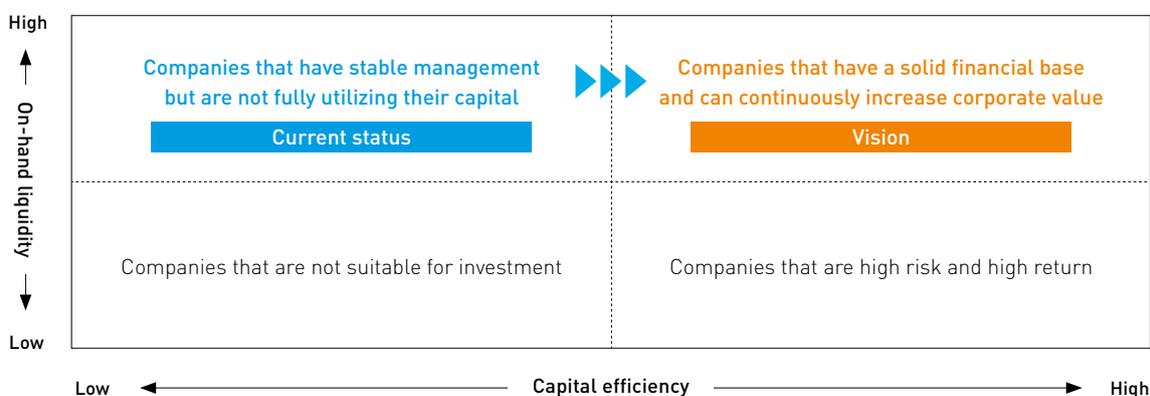
As of the end of March 2020, the Company had about ¥13.0 billion in loans payable and approximately ¥57.0 billion in cash, and therefore I believe we have a sound financial position. We sometimes receive comments from shareholders and investors that we have too much on-hand liquidity. About half of our cash is held by the parent company, but this is only about two months' worth of non-consolidated sales. The other half is held as working capital and funds for facilities for 38 consolidated subsidiaries overseas. Accordingly, we do not think that we are holding too much cash. Note that in addition to our high level of financial soundness, we have concluded a commitment line of approximately ¥9.0 billion with financial institutions, and we can raise funds smoothly if necessary.

Also, in regard to investment, our policy is to aggressively invest funds in projects from which we can expect growth, including R&D investment. In the fiscal year ending March 31, 2021, we are planning about ¥10.0 billion in capital expenditure. This includes release film coating equipment at the Agatsuma Plant (Gunma Prefecture), which is a production base for electronics-related products. Also, at the Kumagaya Plant (Saitama Prefecture) and the Mishima Plant (Ehime Prefecture), which are production bases for specialty papers, release papers, and release films, we plan to implement capital expenditure with the objectives of reducing costs, enhancing quality, and reducing greenhouse gases.

Important Indicators for the Long Term

I believe that LINTEC's issue is not that we are cash rich, but rather the low level of our capital efficiency. Until now, our medium-term business plan specified operating income margin and ROE as quantitative targets. However, in the medium-term business plan that will start from the fiscal year ending March 31, 2022, we are considering also

emphasizing ROA, which shows profitability relative to total assets. To increase ROA, we must increase profitability for each business operation. I think that, for each business operation, we will need to take a more-thorough approach to the management of KPIs that are linked to the Companywide numerical targets. In regard to profitability,



the Business Administration Div., Research & Development Div., and Production Div. will collaborate more closely and implement initiatives in such areas as the launch of new businesses and new products, the reduction of costs, and

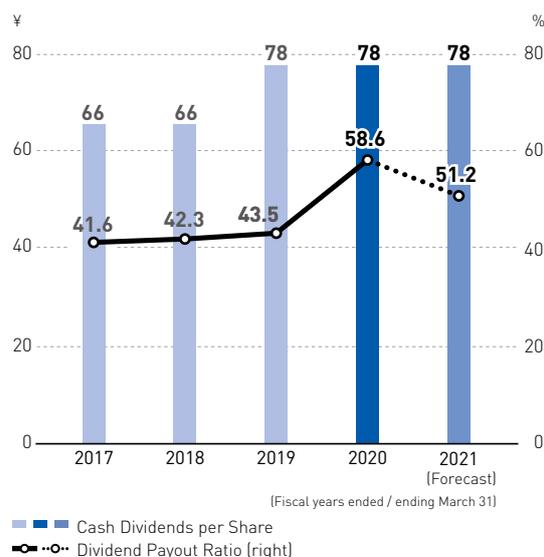
the management of selling prices. In addition, we will work to improve asset efficiency by increasing awareness of inventory turnover and non-current asset turnover in each business operation.

Shareholder Returns

LINTEC regards the enhancement of returns to shareholders as one of its most important management issues. In distributing profits, our basic policy is to provide stable and continued dividends with consideration for each fiscal year's consolidated performance, while also working to strengthen our management foundation. In accordance with this basic policy, for the fiscal year ended March 31, 2020, we paid a dividend of ¥78 per share. With regard to dividend payments for the fiscal year ending March 31, 2021, we plan to pay a dividend of ¥78 per share, the same as in the previous year, and we expect a consolidated dividend payout ratio of 51.2%.

In addition, we are also considering an emphasis on the DOE (dividend on equity) ratio as a dividend policy indicator under the next medium-term business plan. We believe that establishing a minimum level for DOE will facilitate our aim of paying stable, ongoing dividends while maintaining a connection with results. Moving forward, we will continue working to further enhance shareholder returns through improvements in our results.

Cash Dividends per Share / Dividend Payout Ratio



My Mission as CFO

In formulating our long-term vision, which looks ahead 10 years, I believe that my mission as CFO is to increase profitability and capital efficiency and to enhance corporate value. In order for the Group to achieve its goals, I will work in cooperation with the Business Administration Div., etc. to see that people on the front lines understand the KPIs for each business operation, as well as the significance of those KPIs. In this way, I will strive to improve

profitability and capital efficiency. Furthermore, I will provide support from the financial side so that we can steadily implement necessary growth investment and environment-related investment while maintaining our strong financial foundation. Through these initiatives, I will strive to increase ROA and achieve ROE that is higher than the cost of equity and to meet the expectations of shareholders and investors.

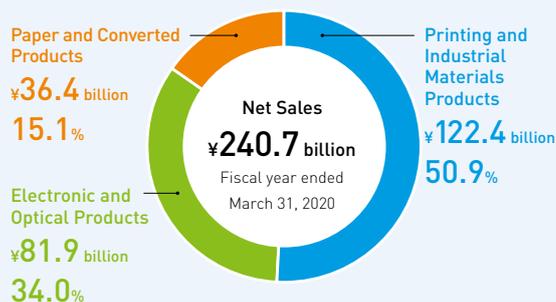
Draws a road map for future

LINTEC has cultivated four core technologies over many years, and by combining these technologies in a sophisticated manner, the Company has developed numerous groundbreaking products. Under the Business Administration Div., six operations bring these products to market and help address issues in a variety of industries.

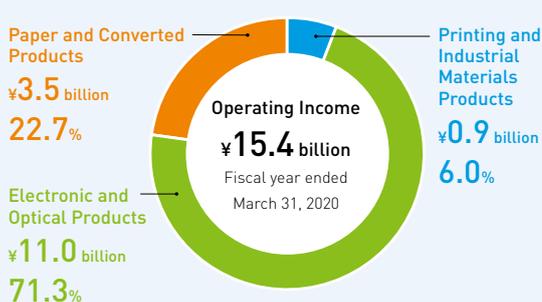


Note: Based on the similarities of their products, technologies, and markets, the Group's six operations are classified into three segments—Printing and Industrial Materials Products, Electronic and Optical Products, and Paper and Converted Products.

Share of Net Sales by Segment



Share of Operating Income by Segment



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

Emphasizing profitability, breaking away from low-profit operations

I became Executive General Manager of the Business Administration Div. in April 2020, and I am now working with a focus on two priority issues. The first involves reconfirming our understanding and organization of the Group's traditional strengths. I would like to ascertain once again whether these strengths are based on distinctive technical capabilities, on network or sales capabilities that can be rolled out in Japan and overseas, or on some other important factor. The second priority issue is to analyze the main causes for the recent trend toward low profits for the Group. I believe that the careful verification of these two issues will enable LINTEC not only to formulate the next three-year plan but also to draw a road map for 10 years into the future.

The scale of the Group's sales expanded after we acquired three companies in Europe and the U.S. at the end of 2016. Now, our priority is to focus on operating income. For example, the label related businesses in Printing & Variable Information Products Operations account for more than one-third of our sales, but we cannot expect significant sales growth in these businesses simply by engaging in price competition in Japan and overseas. MACTAC AMERICAS, LLC, which we acquired, has annual goodwill amortization of approximately ¥3.0 billion, and continues to record operating losses. However, it has strengths that LINTEC did not previously have, such as a sales network in the North American market and processing technologies for hot melt adhesives, which have a low environmental burden. Moving forward, we will

further strengthen collaboration with this subsidiary and aggressively propose high-value-added products for which needs are expanding around the world, including environmentally friendly products.

Moreover, we believe the development of products that can drive the Group's results in the future is an urgent task for LINTEC. Accordingly, in July 2019, we established the Next Generation Innovation Group as a unit that will develop and launch innovative new products. Furthermore, in April 2020 we significantly strengthened the New Project Planning Office, which implements comprehensive planning/proposals by widely rolling out distinctive technologies held by each business operation. Through these initiatives, we will work to accelerate the creation of new products and new businesses.

Takeshi Kaiya

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



Printing and Industrial Materials Products

Printing & Variable Information Products
Operations / Industrial & Material Operations

Main Products

Printing & Variable Information Products Operations

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

Industrial & Material Operations

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



Strengths

- Long record of supplying numerous customers and large market share in domestic market
- Ability to provide comprehensive solutions that combine adhesive products for labels and labeling machines

Weaknesses

- Brand power and price competitiveness in overseas markets
- Profitability of manufacturing subsidiaries in U.S. and Indonesia

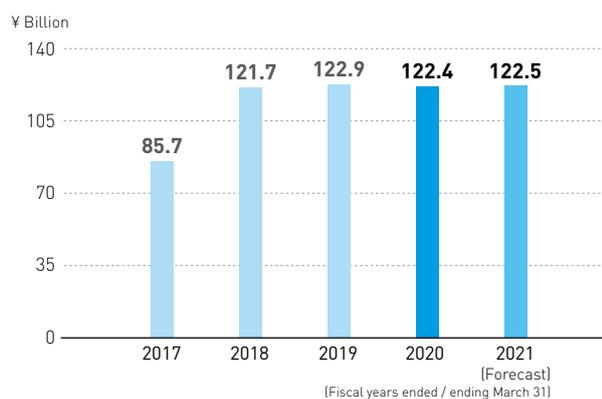
Opportunities

- Global growth in needs for environmentally friendly solutions
- Growth in on-line sales market

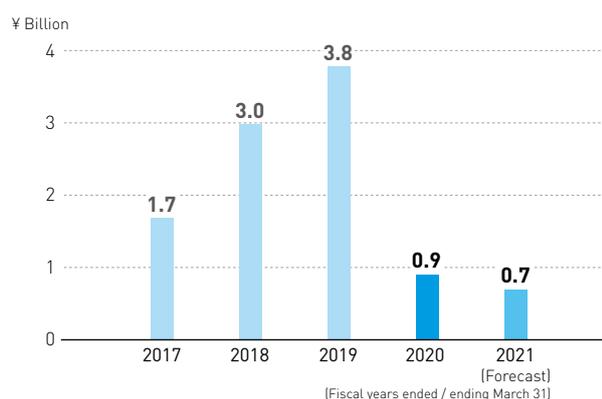
Threats

- Sluggish growth for the domestic market as a whole, full-scale entry into the domestic market by large overseas manufacturers
- Emergence of local manufacturers in Southeast Asia's market and other markets and intensification of competition
- Spread of COVID-19 infection

Net Sales by Segment



Operating Income by Segment



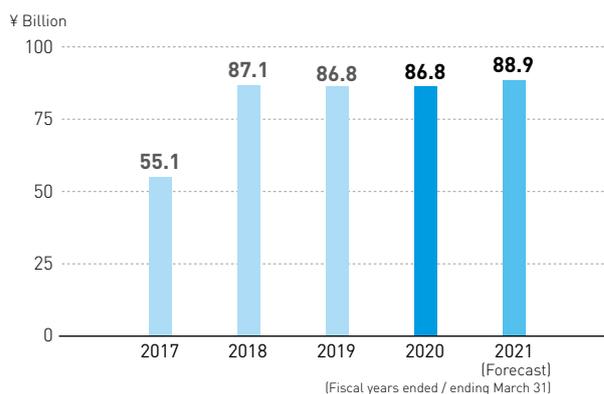
Printing & Variable Information Products Operations



Business Operations Introduction

Accounting for approximately 36% of the sales of the LINTEC Group, these are its largest operations. They manufacture and sell adhesive papers and films for labels, which are used in a wide range of fields. We have a leading share of Japan's market for adhesive films, which have particularly high added value. Overseas, we are working to expand our manufacturing and sales network, mainly in Asia, and we are focusing on increasing sales in the North American market, centered on U.S. company MACTAC AMERICAS, which we made a subsidiary in 2016.

Net Sales: Printing & Variable Information Products Operations



A Message from the Executive General Manager, Printing & Variable Information Products Operations

Our results in the fiscal year under review were affected by the extremely challenging conditions. In the domestic market, consumer spending was sluggish, and due to a cool summer and warm winter, sales of food, cosmetics, and apparel-related products slumped. Overseas, MACTAC AMERICAS, our production subsidiary in North America, increased its net sales through initiatives to secure new customers and other measures. However, we were unable to sufficiently pass the higher costs of raw materials and fuel through to selling prices, and profits worsened substantially. In addition, our operations in China were affected by a marked slump due to U.S.-China trade friction.

Trends such as the current move away from the use of plastics and the accompanying move to eliminate plastic labels are a threat to the LINTEC Group, which has strengths in the field of high-value-added adhesive films for labels. Nonetheless, I believe that the more-rapid implementation of wide-ranging measures to address these needs for environmentally friendly products will lead to significant business opportunities. We are currently working in collaboration with Fine & Specialty Paper Products Operations to aggressively advance the development and launch of a special-function paper base for use as a substitute for plastic. In addition, we are taking steps to strengthen our lineups of items using recycled PET film, biomass materials, etc. Also, for adhesive

papers for labels, our policy is to steadily expand the conversion to international forest-certified paper. In addition to increasing sales of these environmentally friendly products, we are taking steps to improve our earnings structure, such as creating synergies with MACTAC AMERICAS and reducing costs in the areas of material procurement, production, and distribution. We will work toward a recovery in our results and business growth in Japan and overseas.

Masaaki Yoshitake

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



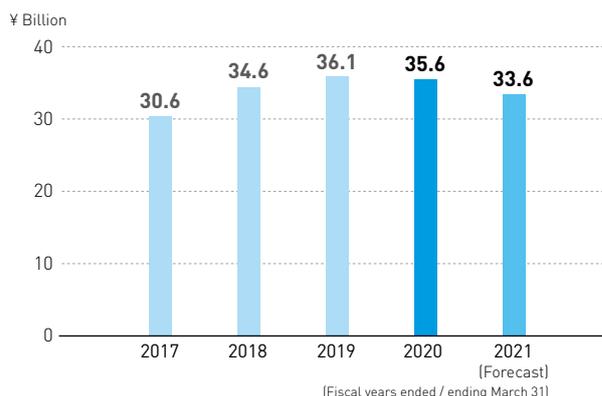
Industrial & Material Operations



Business Operations Introduction

These operations manufacture and sell a wide range of products. Our window films offer various functions, such as cutting out heat and ultraviolet light when they are attached to building and automobile windows, and preventing shattering when glass is broken. Other products include decorative films for interiors, films for outdoor signs and advertising, motorcycle- and automobile-use adhesive products for such applications as vehicle body decoration and protection, industrial-use adhesive tapes for bonding components in mobile and other devices, and labeling machines for efficient automated labeling.

Net Sales: Industrial & Material Operations



A Message from the Executive General Manager, Industrial & Material Operations

In the fiscal year under review, our mainstay window films recorded favorable results in Japan and in overseas markets, centered on Southeast Asia. However, adhesive products for motorcycles and automobiles were sluggish due to the influence of weak market conditions in India and other factors. Overall, we faced challenging conditions.

Shuji Morikawa

Managing Executive Officer
Deputy Executive General Manager, Business Administration Div. and Executive General Manager, Industrial & Material Operations

We handle a wide range of products, including window films, which have high profitability and are a pillar of our operations. In cooperation with U.S. subsidiary MADICO, INC., we are working to roll out a strategy targeting further growth in our global market share for window films. In particular, we are taking step to enhance the recognition and promote the use of our automotive window films in the Southeast Asian market. Moreover, from a medium to long term perspective, an important issue is the strengthening of cooperation with U.S. subsidiary VDI, LLC, which is a manufacturer of functional films. This will contribute to the expansion of our business not only in window films but also in a wide range of other areas. Through synergies with VDI's original technologies in upstream fields, such as metal deposition for films, we will aim to develop higher-value-added products.

In addition, we will continue to focus on proposals of systems for the on-line sales industry, centered on labeling machines. Our strengths include the coordination and provision of total systems that include picking and packaging in distribution warehouses. Going forward, we will strive to leverage these strengths and aim to further expand the use of these systems.



Electronic and Optical Products

Advanced Materials Operations /
Optical Products Operations

Main Products

Advanced Materials Operations

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

Optical Products Operations

- Polarizing films and retardation films (adhesive processing)
- Polarizing films (surface improvement processing)



Strengths

- Ability to provide comprehensive solutions that combine tapes and equipment used in semiconductor manufacturing and mounting processes
- Long record of supplying numerous semiconductor and electronic component manufacturers worldwide and unique technological capabilities

Weaknesses

- Development of a new field of business to follow our semiconductor-related and electronic component-related businesses
- Profitability in optical display-related businesses

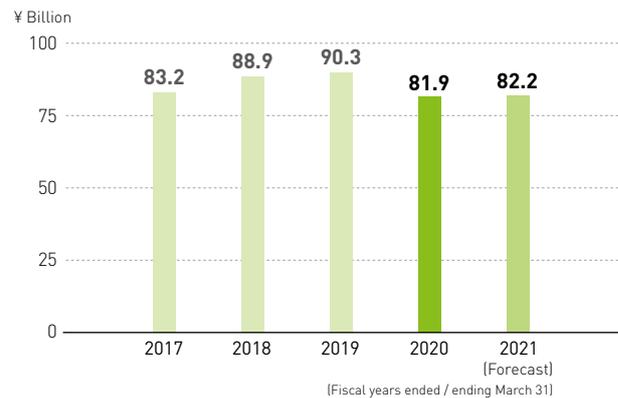
Opportunities

- Expansion of electronics-related markets due to such factors as spread of 5G and IoT and increasing use of electronics in automobiles
- Technological innovation in relation to semiconductor packages, electronic components, and optical displays

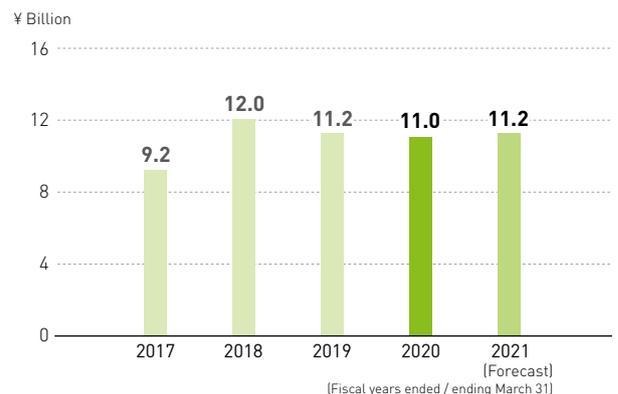
Threats

- Lengthening of U.S.-China trade friction and worsening of Japan-South Korea relations
- Deterioration of conditions in electronics-related markets and exchange rate fluctuations
- Spread of COVID-19 infection

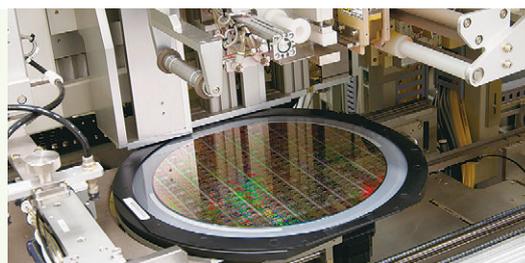
Net Sales by Segment



Operating Income by Segment



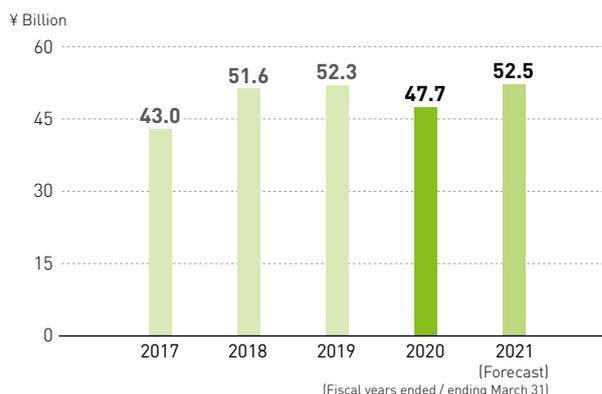
Advanced Materials Operations



Business Operations Introduction

In recent years, these operations have grown significantly. We are building a unique position in the electronics industry, which is expected to continue to record substantial growth. Our products include specialized adhesive tapes that play an important role in semiconductor manufacturing and mounting processes, and we also make equipment that fully leverage these tapes' special features. In addition, we produce and sell release films that are crucial in the production of multilayer ceramic capacitors.

Net Sales: Advanced Materials Operations



A Message from the Executive General Manager, Advanced Materials Operations

In the fiscal year under review, our operations were significantly affected by changes in the market environment. In semiconductor-related business, market conditions worsened dramatically and became sluggish from fall 2018. These circumstances continued in the first half of the fiscal year under review, and our operating environment was challenging. However, in the third quarter and thereafter, market conditions improved, principally for communications devices for smartphones, memory for data centers, etc., and our

results were favorable, centered on related adhesive tapes. In addition, looking at multilayer ceramic capacitor-related tapes, U.S.-China trade friction began to have a significant effect from around June 2019, and our sales were sluggish. However, there has been an underlying recovery trend in demand from the third quarter, centered on high-end applications. Moving forward, as progress is seen with the full-scale introduction of the 5G high-speed communications standard, the electrification of automobiles, etc., we expect electronics-related markets to continue to expand.

In semiconductor-related areas, the LINTEC Group has a variety of products with high shares, such as flip chip backside coating tapes. To maintain our current high-earnings structure in 5 years or 10 years, we must develop products that are unique or are number one in their categories. Also, with a focus on the future, we are searching for an entry into entirely new fields that are not extensions of our current semiconductor-related or electronics component-related businesses. For example, these new areas include the energy, environmental, and medical-related fields. Furthermore, we will also advance initiatives toward the acquisition of IATF 16949, a quality management standard that is requested by mainstay automotive parts manufacturers in Europe and the U.S.



Kinya Mochida

Senior Executive Officer
Deputy Executive General Manager,
Business Administration Div. and
Executive General Manager,
Advanced Materials Operations

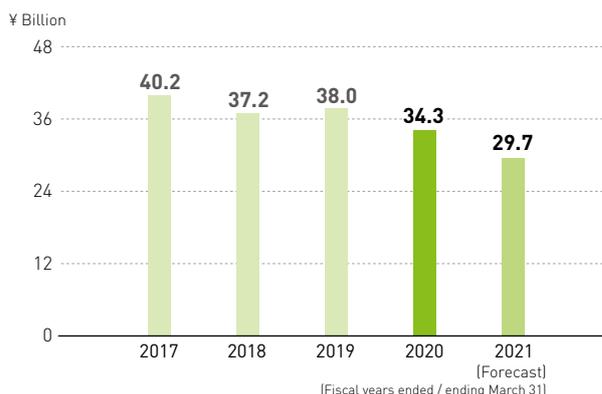
Optical Products Operations



Business Operations Introduction

We deploy our development technologies for special adhesives and surface coating agents as well as precision coating technology and use leading-edge production facilities to provide adhesive processing and surface improvement processing for various types of optically functional films, such as polarizing films that are used in LCDs and organic light-emitting diode (OLED) displays. In addition, through the development of innovative adhesives and films, we are working to start new optical-related businesses.

Net Sales: Optical Products Operations



A Message from the Executive General Manager, Optical Products Operations

Looking at our results in the fiscal year under review, our mainstay adhesive processing business for films for LCDs and OLEDs recorded a small gain in sales quantity. Nonetheless, we registered a significant decline in net sales. There were a variety of reasons for this decline. In particular, high-value-added products for small and medium-sized items, such as smartphones, were significantly affected by U.S.-China trade friction.

Changes in the optical display-related market are accelerating, and, in this environment, we will work together with the polarizing film manufacturers that cooperate with the Group as we continue aiming to build a more-efficient manufacturing system at our production bases in Japan, South Korea, and Taiwan. In addition, another major issue will be the rapid commercialization of new optical-related products, for which we have continued to implement development initiatives. Our current focus items include thick optical adhesive sheets, which are optimal for lamination of components, such as touch panels, and glass anti-shatter films for displays. These items are starting to generate results, including on-board applications, centered on China. Moving forward, we will also take steps to strengthen sales promotion activities targeting not only display manufacturers but also component punching processing companies.

Furthermore, for our light diffusion films, which can

efficiently diffuse incident light in the optimal direction, we expect to see growing demand for various display applications, such as reflective displays which do not use backlighting. These films can make the screens on reflective displays brighter and more vivid, and accordingly we will work to increase the adoption of these products as highly functional films that can contribute to the expanded use of reflective displays in such applications as smart watches and touch panels.

Satoru Shoshi

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



Paper and Converted Products

Fine & Specialty Paper Products Operations /
Converted Products Operations

Main Products

Fine & Specialty Paper Products Operations

- Color papers for envelopes
- Colored construction papers
- Special function papers
- High-grade printing papers
- High-grade papers for paper products

Converted Products Operations

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



Strengths

- Large shares of domestic markets for color papers for envelopes and special function papers as well as original papermaking technologies
- Outstanding release agent formulation technologies and coating technologies

Weaknesses

- Sales networks, delivery capabilities, brand power, and price competitiveness in overseas markets for specialty papers and converted products

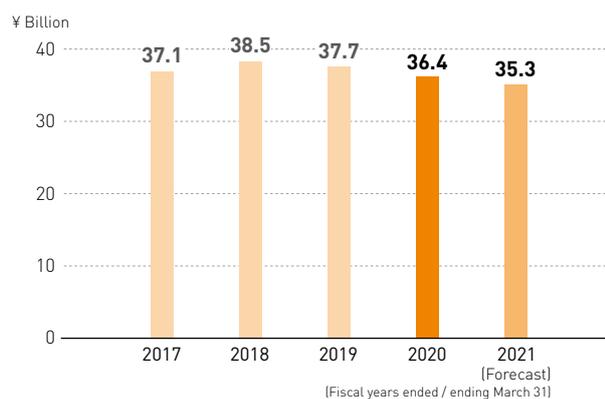
Opportunities

- Increasing demand for high-value-added products overseas
- Growing environmental awareness in Japan and overseas

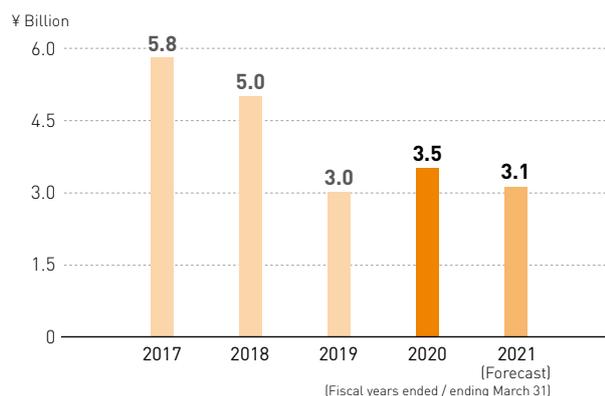
Threats

- Reduced demand for paper due to decline in use of paper
- Soaring prices for key raw materials, including imported pulp
- Spread of COVID-19 infection

Net Sales by Segment



Operating Income by Segment



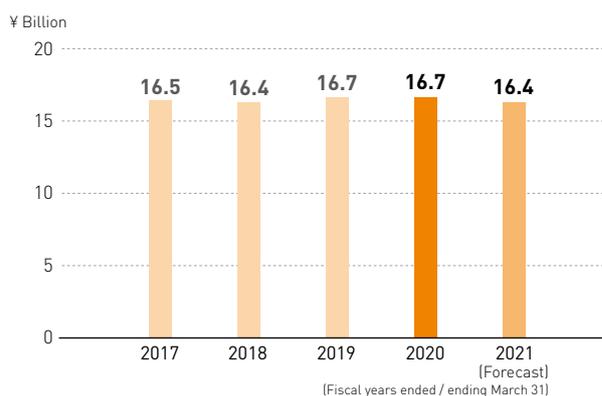
Fine & Specialty Paper Products Operations



Business Operations Introduction

We have the leading share in the domestic market for color papers for envelopes and colored construction papers. We also manufacture and sell specialty papers including oil- and water-resistant papers used in food packaging, dust-free papers for use in places such as clean rooms, high-grade printing papers with special textures, and high-grade papers for paper products used in business cards and postcards. Currently, these operations are centered on Japan. However, we are strengthening sales activities with a view to developing overseas markets, centered on high-value-added products.

Net Sales: Fine & Specialty Paper Products Operations



A Message from the Executive General Manager, Fine & Specialty Paper Products Operations

Since January 2019, in consideration of the rising pulp prices up to that point, the Company has gradually raised prices. In the fiscal year under review, we basically completed this process. Consequently, our overall results improved, but sales quantity remained extremely challenging. In particular, due to the slump in the semiconductor market, industrial-use special function papers, such as dust-free papers, declined substantially. Furthermore, due to the trend toward paperless solutions, the fine and specialty papers market contracted. In this setting, demand for high-grade printing papers also declined. Moreover, schools have all been closed due to the spread of the COVID-19 infection, and orders for colored construction papers recorded a significant decline. On the other hand, oil- and water-resistant papers for food packaging, principally for convenience stores and fast food restaurants, continued to register solid results. In addition, construction material papers, such as wallpaper base papers and decorative laminate papers, recorded favorable results due to strong renovation demand, etc.

With the domestic market contracting each year, this business operation must aggressively develop new products in order to continue to record growth going forward. In particular, we are approaching trends such as the move away from the use of plastics as opportunities, and we are advancing the development and sales of products that address

environmental needs, such as base paper for paper straws. Furthermore, we are also working proactively with the development of functional papers. These are utilized as substitute materials for PET films and for synthetic paper, which are used as facestock in adhesive products for labels. Moreover, another important issue will be bolstering overseas development initiatives, such as in Asia. Moving forward, we will step up our efforts to expand the use of special function papers, for which the LINTEC Group has special strengths.

Toshimi Sugaya

Senior Executive Officer
Deputy Executive General Manager, Business Administration Div. and Executive General Manager, Fine & Specialty Paper Products Operations



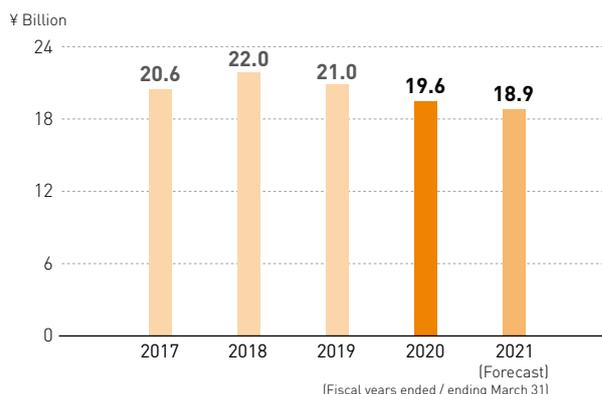
Converted Products Operations



Business Operations Introduction

We manufacture and sell release papers and films that protect the adhesive surfaces of various adhesive products, casting papers that are used as patterning papers for placing designs on synthetic leather, casting papers used in the manufacture of carbon fiber composite material sheets from fibers, and other products. These are endowed with a variety of special functions, including not only releasability but also resistance to water, heat, and abrasion.

Net Sales: Converted Products Operations



A Message from the Executive General Manager, Converted Products Operations

In the fiscal year under review, demand was sluggish overall. Release papers for electronic materials were solid, but lower sales were recorded by release papers for general-use adhesive products, release films for optical-related products, casting papers for synthetic leather, and casting papers for carbon fiber composite materials. In particular, we believe that a recovery in casting papers for synthetic leather will take some time, due to continued sluggish conditions in the Chinese

market and to the influence of the spread of the COVID-19 infection since the beginning of 2020, which is expected to lead to a decline in consumption of apparel, sports shoes, etc. Looking at casting papers for carbon fiber composite materials, a recovery in aircraft demand is expected to occur after the normalization of the global economy.

In casting papers, we will need to implement new initiatives to break through this type of challenging business environment. In casting papers for synthetic leather, due to such factors as higher personnel costs, stronger environmental regulations, and U.S.-China trade friction, there is a trend for Chinese manufacturers to relocate production bases from China, which had been a major production area for synthetic leather, to Southeast Asia and other markets. To follow these relocations, if the conditions are favorable, we will aggressively bolster sales outside of China of products from LINTEC (SUZHOU) TECH CORPORATION, a production subsidiary that had been targeting the Chinese market. Looking at casting papers for carbon fiber composite materials, we will work to strengthen sales promotion in overseas markets, including for sports and leisure applications. In addition, in release papers for electronic materials, overseas competitors are enhancing their market presence, and, going forward, we will aim to expand our business by taking such steps as developing and proposing less-expensive products.



Yutaka Iwasaki

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

Topics

Topic 01

CHILL AT — Labelstock Suitable for Use in Chilled Environments

In May 2020, we made a full-scale launch in Japan of CHILL AT, a labelstock that is sold in the North American market by U.S. subsidiary MACTAC AMERICAS. This product leverages the hot-melt adhesive formulation technology of this subsidiary. Its distinctive characteristics include the fact that the adhesive is melted by heat for coating on the substrate. As a result, organic solvents are not used in the production process, and the environmental burden is low. In addition, it is compatible with a wide range of temperature environments, from -5°C to 30°C . Accordingly, it can be applied to items on which typical labelstocks are prone to peeling, such as frozen surfaces, surfaces with condensation, and rough surfaces, including cardboard cases used in distribution and conveyance. The four items that were launched in Japan are compliant with the Food Sanitation Law, which was revised in June. Going forward, we will focus on expanding the use of these products in the domestic market.



Can be applied directly to food products

For display labels on refrigerated and frozen foods and on cardboard cases

Topic 02

PROTECTIONPRO — Production System for Mobile Device Protective Films

U.S. subsidiary MADICO, offers PROTECTIONPRO, which is a system that enables in-store cutting and application of surface protective films and back decorative films for smartphones and tablets. This system is provided to stores that sell mobile phones. With PROTECTIONPRO, there is no need to have inventories of film for each size of device because the film is cut to match the size and shape of each mobile device. This system has received high evaluations, centered on Europe and the U.S. Moving forward, we will work to further expand sales in markets worldwide, with a view toward the full-scale roll out of the PROTECTIONPRO system in Japan.



Back decorative films

In line with various mobile devices, the optimal cutting machine can be selected from three options.

Topic 03

Highly Functional Adhesive Products Used in the Automobile-Related Products Field

In recent years, automobiles have started to include a large number of on-board displays. LINTEC provides optically clear adhesive sheets that are used to bond resin cover panels to LCD modules, etc. Through an original design, we have solved the issue of resin out-gassing, which can change the shape of adhesive layers. As a result, these sheets have been highly evaluated in the marketplace. In addition, as the electrification of automobiles advances, the number of on-board electronic components is increasing, and demand for semiconductor-related adhesive tapes, etc., is also rising. Targeting further sales growth in the automobile-related products field, LINTEC will continue working to strengthen the development of highly functional, high-quality products.



Diagram of an onboard display

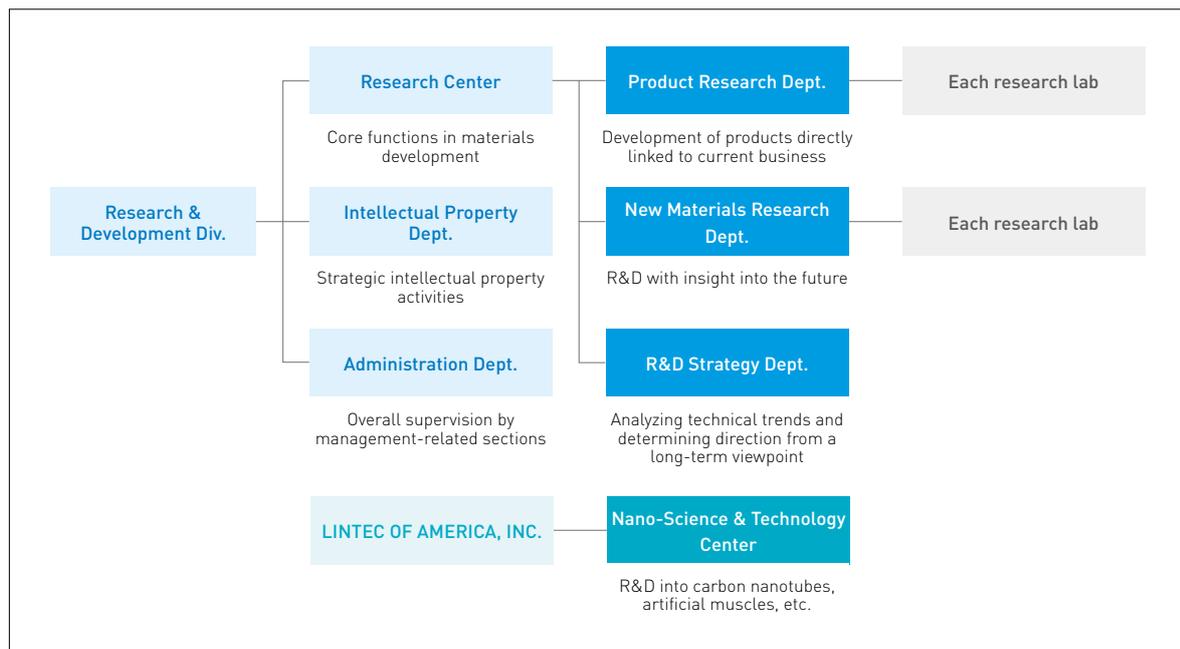
Research and Development

As a technology-centered company, we realize that strengthening R&D capabilities is one of our most important management strategies for achieving sustainable growth. Two approaches help us to create both products that resolve our customers' diverse technological issues and products that are unprecedented, innovative, and lead the market: the developing of functional materials and related processing technologies that leverage our proprietary technological capabilities and a market-dialogue style of research that emphasizes customer needs. Going forward, we will further strengthen our R&D system to accelerate the speed of product development and create new technologies.

R&D System

The Research Center of the Research & Development Div. in Saitama Prefecture is the core base for the Group's R&D activities. The center has state-of-the-art testing and analysis equipment, test coating facilities, and a clean room, as well as the same semiconductor-related equipment that is actually used by customers. The completion of the Advanced Technology Building in 2015, with its large-scale pilot coaters that closely resemble plant mass production facilities, provided a system for smooth flow from R&D to mass

production. The center mainly comprises the Product Research Dept., which develops products directly connected to our current business, and the New Materials Research Dept., which conducts R&D with a focus on the future. About 200 research staff are engaged in day-to-day research on these themes. In addition, the Nano-Science & Technology Center in Texas, the U.S., is engaged in research in new fields outside our current technology domain, such as carbon nanotubes and artificial muscles.



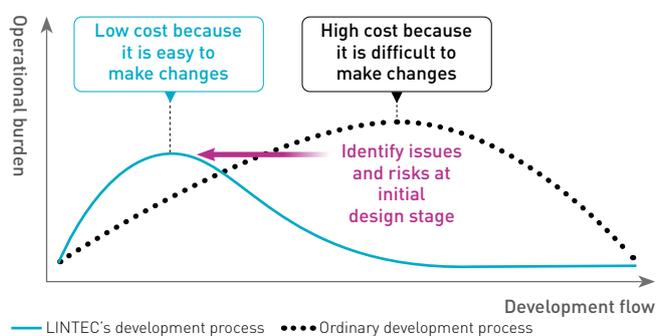


R&D Policy

We are pursuing R&D with strong determination to ensure that our focus themes make a real contribution to strengthening the competitiveness of existing businesses and creating new businesses and products. 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 among the Research Center and respective business operations, etc., we have established an R&D scheme called the "Stage Gate System." Under this scheme, we are taking steps to achieve new value creation, 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. Through the introduction of large-scale pilot coaters and release agent coating equipment that closely resemble the mass production facilities in plants, LINTEC's Research Center is able to acquire data, such as data regarding mixtures of adhesives and release agents needed for mass production and environmental conditions for coating. We have had significant success in increasing the speed of development up to mass production.



Large-scale pilot coater

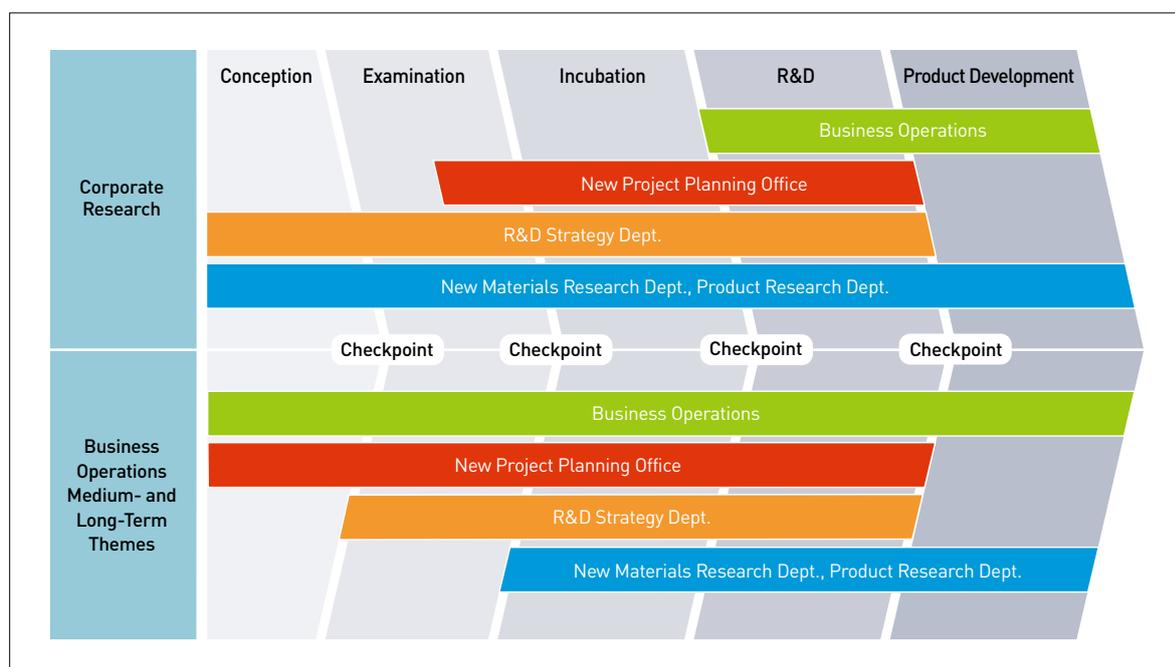
Research and Development

3 The Stage Gate System

Under this system, R&D themes are divided into the five stages of conception, examination, incubation, R&D, and product development. Rigorous screening is performed at each stage to determine whether to advance the theme to the next stage or to cancel it. The aim is to steadily and quickly give shape to each theme, preventing setbacks in development through full verification at key points. A central role is played by the R&D Strategy Dept., which works from a

long-term perspective to analyze technology trends in each industry and to search for development directions. In addition, close coordination is implemented by the Research Center, the respective business operations, and the New Project Planning Office, an in-house, cross-sectional marketing unit that was newly established in the previous year. In these ways, we are working to create new value in response to the change of customer needs and markets.

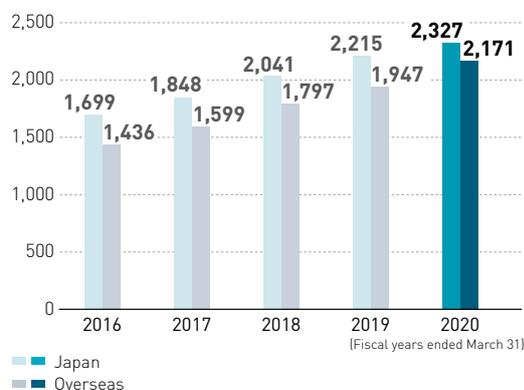
Stage Gate System



Intellectual Property Activities

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. While placing the utmost emphasis on respecting the rights of other companies, the Intellectual Property Dept. coordinates with respective business operations and R&D departments in promoting strategic intellectual property activities. These activities aim to increase and improve intellectual property rights, which are the lifeblood of LINTEC given that it is a technology-centered company. By such means as building a patent portfolio for our foundation and growth business domains and securing intellectual property in step with the globalization of our business, we aim to increase profitability based on intellectual property that has high business value.

Number of Patents



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

Always Aiming for the Only One, Number One.

In April 2020, I became Executive General Manager of the Research & Development Division. Going forward, I will strive to fulfill my duties while fully leveraging the experience that I have obtained on the front lines of development and production operations, as well as in the Intellectual Property Department. First, we will take steps to further enhance LINTEC's strengths in R&D, which include traditional development and proposal capabilities that facilitate detailed customization to address customer needs. I have a strong commitment to always aiming for the only one, striving to be number one.

The Division's mission has two main components — contribution to current business and creation of new businesses and products. In particular, with a focus on the future, we are currently working with research themes such as thin-film water vapor barrier films, thermoelectric sheets, and high-frequency dielectric heating adhesive sheets. Meanwhile, our R&D base in the U.S. is advancing the development of carbon nanotube related products and other products. For LINTEC, each of these projects is an entirely new technical field that is not limited to extensions of current technologies. To link these efforts to commercialization initiatives, we will steadily advance development while cooperating closely with the New Project Planning

Office, which handles new market development and marketing, and with each business operation.

In addition, from the viewpoint of quality control, we are expanding the scope of application of ISO 9001 in the Research Center. Moving forward, we will aggressively implement initiatives with a view toward the acquisition of IATF 16949, a quality management standard for the automotive sector in Europe and the U.S. In particular, we have designated the acquisition of IATF 16949 as a Companywide issue. In addition to the perspective of production and quality management, this standard is also closely related to product design itself. Accordingly, our policy will be to start first with the semiconductor-related development sections and then aim to rapidly establish a system for the Research Center overall.

Yoshihisa Mineura

Executive Officer
Executive General Manager,
Research & Development Div.

