



# Be the Change

**LINTEC**  
**Integrated Report 2020**  
For the fiscal year ended March 31, 2020

## Editorial Policy

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

## Positioning of Integrated Report



## Reporting Period

This report covers the period from April 1, 2019 to March 31, 2020. However, some of the information includes content from April 1, 2020 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.

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## Overview

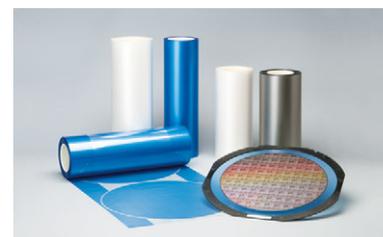
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## A Message from the President



### Makoto Hattori

Representative Director  
President, CEO and COO

#### Biography

- |           |   |           |   |
|-----------|---|-----------|---|
| Apr. 1980 | Joined FUJI SHIKO CORPORATION (LINTEC)  | Jun. 2015 | Director, Executive Officer, Executive General Manager, Advanced Materials Operations, Business Administration Div. |
| May 1980  | Assigned to North Tokyo sales office  | Apr. 2017 | Director, Managing Executive Officer, Executive General Manager, Business Administration Div.                       |
| May 1984  | Transferred to Sendai Branch office   | Apr. 2020 | Representative Director, President, CEO and COO (current position)  |
| Mar. 2000 | Transferred to Electronic Devices Operations  |           |   |
| Oct. 2009 | Executive General Manager, Advanced Materials Operations, Business Administration Div.                    |           |   |
| Apr. 2014 | Executive Officer, Executive General Manager, Advanced Materials Operations, Business Administration Div. |           |   |

First, I would like to express our condolences for those who have passed away as a result of the novel coronavirus disease (COVID-19) infection. The LINTEC Group is working to secure the safety of Group employees and to minimize the effect of the spread of the infection, including in the areas of raw materials procurement and product supply. We are hoping for the earliest possible resolution to this situation.

We have worked in cooperation with suppliers to produce 10,000 face shield sets for people working in health care, and we have donated them to Itabashi-ku, Tokyo, where our head office is located. We have also donated such items as floor marking materials calling for attention to social distancing and stickers for restaurants to indicate that takeout is available. In these difficult circumstances, we believe that is our duty as a corporate group to do what we can to provide tangible and intangible value to society. Moving forward, we will continue to advance these types of initiatives.

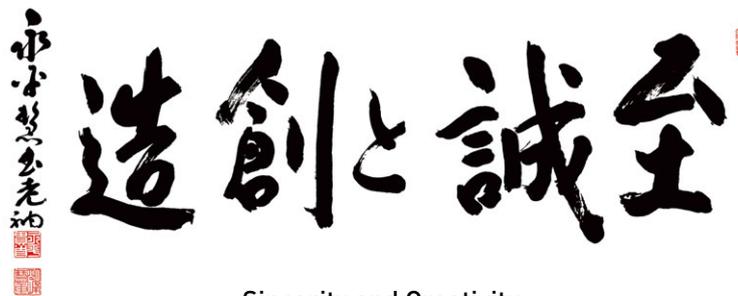
## On Becoming President

I became president in April 2020. After joining the Company, I continued to work in marketing and from 2017, I worked as the Executive General Manager of the Business Administration Div. I have always aimed to implement manufacturing that meets market standards. With the needs of society undergoing dramatic change and diversification, we will strive to thoroughly identify what customers truly need and do our utmost to address those needs with our original concepts and technology development capabilities. That is the spirit of the Company motto—Sincerity and

Creativity—and, moving forward, I will continue to emphasize that spirit to all Group employees. I will strive to hand down to the next generation the social presence and corporate culture that the Group has cultivated, to further strengthen our initiatives in the areas of ESG and the SDGs,\* and to see that the Group can meet the expectations of all stakeholders. I would like to ask our shareholders and investors for their continued support in the years ahead.

\* SDGs: Sustainable Development Goals. Adopted at the United Nations Sustainable Development Summit in 2015, SDGs consist of 17 goals and 169 targets for achieving a sustainable society.

## 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**

# Looking 10 Years Ahead, Establishing a Foothold for the Next Stage of Growth

## Review of the Previous Medium-Term Business Plan

LINTEC's three-year medium-term business plan, LINTEC INNOVATION PLAN 2019 (LIP-2019), was launched in April 2017. In accordance with the basic policy of "deepening innovation aimed at driving new growth," the numerical targets for the final year of the plan were ¥270.0 billion for net sales, ¥25.0 billion for operating income, and more than 9% for both operating profit margin and ROE. On that basis, we implemented a variety of initiatives.

In the fiscal year ended March 31, 2018, which was the first year of the plan, the global economy continued to follow an expansion trend, and in Japan conditions were generally solid. In addition, at the end of 2016 we acquired three companies in the U.S. and Europe, including MACTAC AMERICAS, LLC, of the U.S. As a result of this and other factors, consolidated net sales increased about ¥43.0 billion year on year, to ¥249.0 billion, and operating income increased about ¥3.5 billion, to ¥20.1 billion, due to favorable results in semiconductor and electronic component related businesses. However, in the fiscal year ended March 31, 2019, which was the second year of the plan, overall conditions were firm in the first six months, but in the second half the Chinese economy decelerated due to U.S.-China trade frictions. In Japan, the influence of the decelerating Chinese economy and a slowdown in IT demand led to reduced exports. Due to these factors, the management environment became challenging. Consequently, consolidated net sales were limited to a small increase, and operating income declined due to lower non-consolidated sales quantity; deterioration of the sales mix; and higher prices for raw materials and fuel, centered on pulp. In the fiscal year ended March 31,

2020, the plan's final year, our operations were affected by the U.S.-China trade friction and inventory adjustments in electronics-related markets, while in the domestic market unseasonable weather was a major negative factor. Consolidated net sales were ¥240.7 billion, operating income was ¥15.4 billion, operating profit margin was 6.4%, and ROE was 5.0%. Each of these figures was significantly lower than the final numerical targets in LIP-2019.

However, we started management rationalization initiatives at U.S. production subsidiary MADICO, INC., which had continued to post losses for an extended period of time, and we succeeded in restoring the company to profitability at the operating level. In addition, we increased the overseas sales ratio to approximately 50% through such initiatives as strengthening overseas business, centered on Asia, and implementing M&A initiatives in Europe and the U.S. In these ways, we were able to achieve a certain level of results.



MACTAC AMERICAS, LLC



## LINTEC INNOVATION PLAN 2019 (LIP-2019)

<b>Period</b>	From April 2017 to March 2020	
<b>Basic Policy</b>	Deepening innovation aimed at driving new growth	
<b>Final Numerical Targets</b>	Net Sales	¥270.0 billion
	Operating Income	¥25.0 billion
	Operating Profit Margin	More than 9%
	ROE	More than 9%

### Key Initiatives

#### 1 Strengthening of regional strategy

- (1) Increase in the domestic share and development of new markets and new demands
- (2) Strategic investment and business expansion in the Asian region
- (3) Expansion of the existing fields in Europe and America and the pursuit of synergies with the acquired subsidiaries

#### 2 Creation of new value

- (1) Creation of differentiated products which exceed customer needs
- (2) Development of next-generation products anticipating market changes

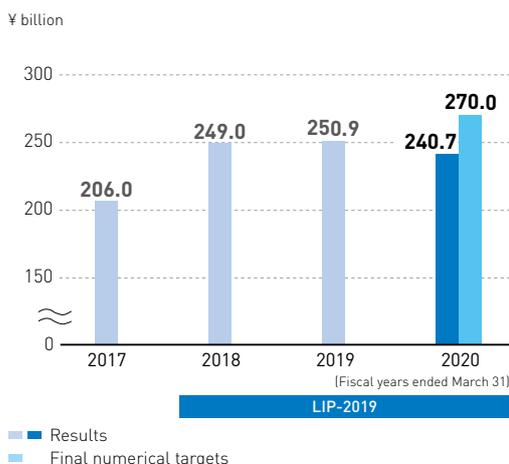
#### 3 Bolstering the corporate structure

- (1) Ensuring soundness of the Group companies and continual increase in earnings
- (2) Promotion of cross-sectional operational reforms
- (3) Further promotion of cost structure reforms

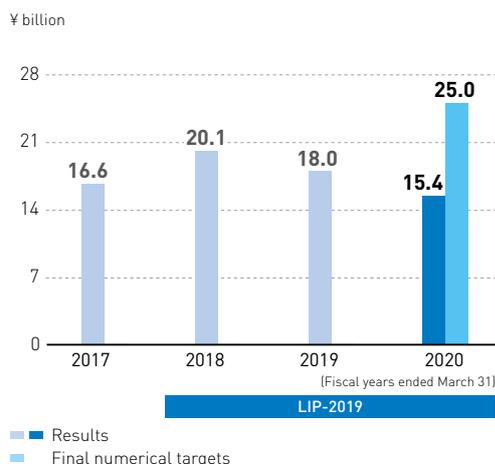
#### 4 Activities for realizing a sustainable society

- (1) Promotion of business activities conducive to solving social concerns
- (2) Promotion of work-style reforms, fostering of diverse human resources and encouragement of their active participation in the workplace

### Sales



### Operating Income

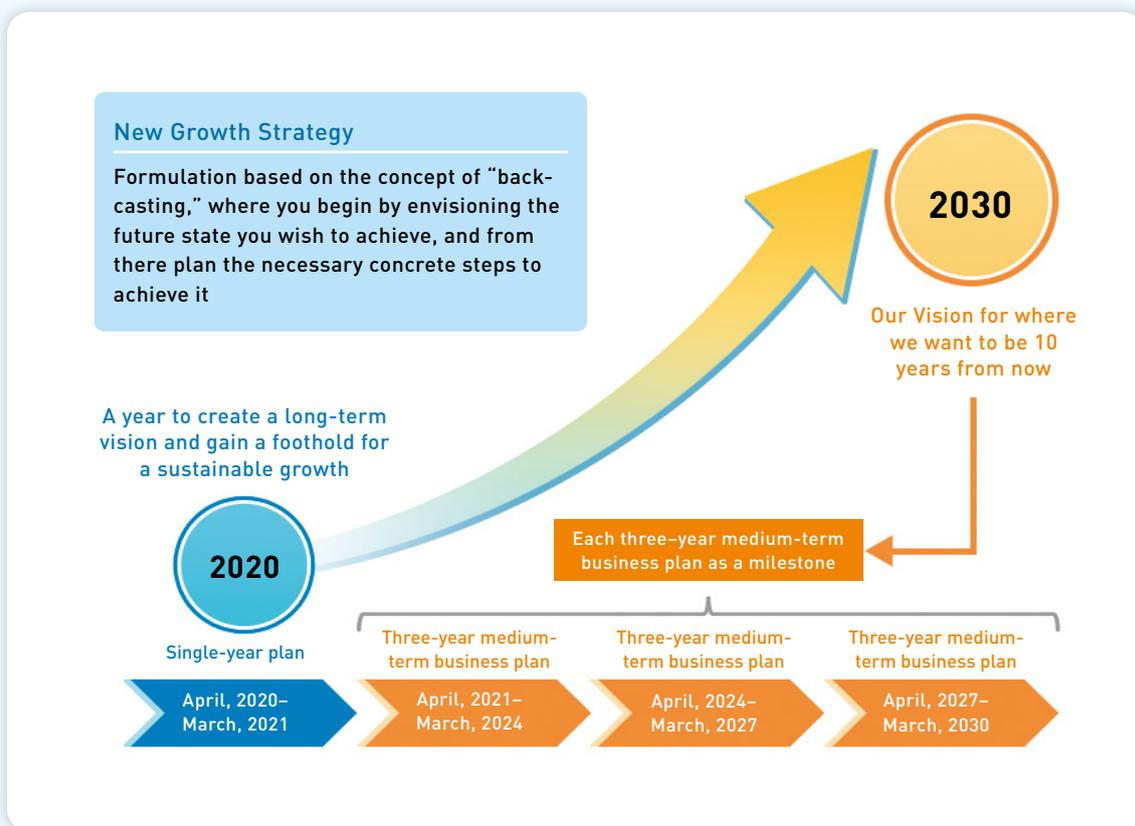


### Future Management Policies

Originally, we intended to start the new medium-term business plan from April 2020. However, if we aim to generate results simply by extending existing business operations, then we will not have a bright future. Furthermore, the application of accounting standards related to revenue recognition will become mandatory from April 2021, and this is expected to have a significant effect on net sales and profitability. Accordingly, we positioned the fiscal year ending March 31, 2021, as A Year to Gain a Foothold for the Next Stage of Growth under a single-year plan. We decided

to advance preparations for and consideration of the long-term vision and medium-term business plan and to start the new medium-term business plan from the next fiscal year, based on the concept of backcasting.

We are currently advancing the detailed formulation of the long-term vision and the medium-term business plan, but they will outline what we expect for the Company in the years ahead. For our stakeholders, we will announce our vision for 10 years into the future, and we will strive to steadily implement strategies to achieve that vision.



## Issues Regarding Sustained Growth

The Group faces many issues that it will need to address in order to achieve sustained growth. Important issues will include improving the earnings structure in the Printing & Industrial Materials segment and other areas, addressing the spread of the COVID-19 infection that is being confronted by companies around the world, establishing business fields that will be new growth drivers over the medium-to-long term, and further strengthening corporate management in which the fundamentals are ESG and the SDGs. We will need to determine how people's lifestyles are changing in Japan, where the trend toward a declining birthrate and an aging population continues, and what the social issues are in countries around the world, such as growing concern for the environment. In these circumstances, we will think about our vision for the Group and clarify which issues around the world we can help to resolve, and how we can help to resolve them. On that basis, we will rapidly yet steadily advance the measures that we need to implement now.

### ▶ Rebuilding Our Business Structure to Make It Less Susceptible to the Influence of External Factors

One of the problems with the Group's current product portfolio is that results in each of our business operations are significantly influenced by external factors. For example, looking at adhesive products for labels, there are many products that are subject to fluctuations in demand due to such factors as the weather. These include products for food display labels and for beverage promotional campaign labels. In the semiconductor and electronic component related field, up to this point seasonal fluctuations in demand for products for air conditioning, etc., have been covered by demand related to smartphones. However, I have the impression that this has started to change accompanying the maturation of the mobile device market in recent years. In addition, I think that we need to conduct a

thorough analysis of the various changes in the target markets for each business operation, and to advance the optimization of our product portfolio and the development of new products.



Semiconductor-related adhesive tapes that have supported LINTEC's growth in recent years

### ▶ Opportunities for Reform Due to the COVID-19 Problem

In November 2020, we will relocate our office in Iidabashi, Tokyo, which is our base for domestic and international business strategy, to a nearby location. Since last year we have advanced preparations for this move in accordance with the basic concepts of "paperless" operations and "non-territorial offices," in which employees are not permanently assigned to a specific desk. These have included enhancing the wireless environment and mobile devices, implementing thorough security measures, etc. As a result, the shift to mobile work in the Marketing Division accompanying the spread of the COVID-19 infection was comparatively smooth.

Going forward, without limiting initiatives to the Marketing Division, the most important thing is to prepare and expand an environment that will protect all employees from the spread of the infection while enabling continued business execution. We are advancing working from home and the use of web conferencing systems, and, in addition, we have made masks mandatory at work, recommended thorough ventilation and staggered

## A Message from the President

commuting times, etc. In these ways, we are taking thorough steps to reduce the risk of infection. We have also paid an across-the-board special allowance to employees. Looking ahead, we will not return to pre-COVID-19 working styles. Rather, as needed, we will further advance and establish these initiatives as one part of our working-style reforms, and we will strive to link them to more-comfortable workplace environments and to enhanced employee productivity.

In addition, each employee will need to individually take the lead in assimilating new lifestyle patterns. In this way, we will strive to visualize the products and services that people truly need in an era of change, and link that understanding to new developments and proposals. Following the collapse of Lehman Brothers and the Great East Japan Earthquake, there were irreversible changes throughout of society, such as in people's values and lifestyles. It is not possible to turn back the clock, and even if it was turned back, there would be no business opportunities. Acting in accordance with the concept of "going back" will lead to withdrawal from markets, and, accordingly, I believe that this concept poses business management risks.

### ▶ Further Strengthening Product Development and Proposal Capabilities

I do not believe that the LINTEC Group should target giant markets in which the winners are decided by the volume supplied under conditions of thin profit margins on large amounts of sales. Traditionally, LINTEC's approach to manufacturing involved the pursuit of functionality that meets the needs of customers in niche markets, and the provision of high-value-added products. Moving forward, to continue to implement manufacturing that leverages our unique characteristics, we will need to further strengthen our product development and proposal capabilities. We are confident that our Research and Development Division has technical capabilities that make it extremely difficult for other companies to enter our fields of business, and that we have strengths in R&D equipment and the R&D environment. To further enhance these strengths, we plan to make bold investments,

such as in bolstering human resources and in the introduction of AI to enhance development efficiency.



Large-scale pilot coater installed in the Advanced Technology Building at the Research Center

### ▶ Necessity of Strengthening Initiatives to Address Environmental Problems

Measures to help prevent global warming and the development and expanded sales of environmentally friendly products could be said to be the highest priority issues for manufacturers. We are taking steps to reduce CO<sub>2</sub> emissions by 30% or more by fiscal 2030, in comparison with fiscal 2013. To that end, at each plant we are introducing co-generation systems, which recover heat generated in the production of electricity and use it in such forms as hot water and steam. We are also advancing a modal shift in the transportation of products by using transportation methods that have lower burdens on the environments than the methods used previously. Furthermore, LINTEC uses organic solvents in the coating process for adhesives and release agents, and the move away from the use of organic solvents is also a major theme for the Company. Going forward, we will continue to aggressively promote this move from the perspectives of both product development and capital expenditure.

CO<sub>2</sub> emissions reduction target (FY2030 targets)  
**Reduce by 30% or more from FY2013**

## Respect for Diversity Is My Policy

Diversity in human resources is the key to growth over the medium-to-long term. It is difficult for teams that are not diverse to generate good ideas, and, accordingly, I believe that diversity itself is a source of value creation. LINTEC is striving to hire and develop diverse human resources and to create environments in which it is easy for everyone to work. In addition, we are establishing systems to activate discussions from a variety of perspectives. As one part of those activities, we set up the SDGs Committee as a Companywide organization. This committee considers new products and new businesses that

target the resolution of social issues, based on the Company's core businesses. Moving forward, we will value diversity in all departments, such as sales, research, manufacturing, and administration, and work to link that diversity to the creation of new value. We are taking the same approach to management. In June 2020, we increased the number of independent outside directors and the number of female directors under a new system. In the future, we will strive to further enhance governance while incorporating diverse viewpoints into management.

## Toward New Value Creation with a Spirit of Taking on Challenges

As president, I first want the Company to steadily advance in the next three-year medium-term business plan. Of course, we do not intend to announce easy issues and targets. To increase employee motivation, I would like them to experience success in a variety of ways. In the past, when I worked as the executive general manager of Advanced Materials Operations, there were many times I experienced how one success leads to the next. The achievement of the next medium-term business plan will be extremely significant for the realization of our long-term vision. And I would like our employees to strive to show determination by first taking on challenges even when faced with difficult problems. Going forward, I will strive to see that the spirit of working earnestly to resolve issues through a process of trial and error is thoroughly adopted within the Company. From a long-term perspective, I believe that our approach of working to create new value by helping to resolve social issues through our business will be the driving force for the sustained growth of the LINTEC Group.



Makoto Hattori  
Representative Director  
President, CEO and COO



## 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 specialty 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.



Gummed tapes



Optically functional films for LCDs

1927  
Establishment

### 1960s

Started production and sales of adhesive papers and films for labels

### 1970s

Expanded adhesive operations to industrial fields, such as automobile-related products

### 1986

Made full-scale entry into the semiconductor-related field

**April 1990**  
Foundation of  
**LINTEC Corporation**

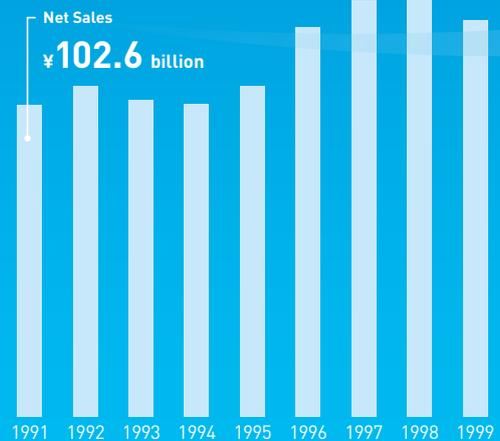
**FSK CORPORATION**

+

**SHIKOKU PAPER CO., LTD.**

+

**SOHKEN KAKO CO., LTD.**



## 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.

## 1990s

In 1991, we made a full-scale entry into the liquid crystal display (LCD) related products field, and in 1994 we established a production subsidiary in Indonesia for adhesive papers and films for labels. In 1995, we made our sales office in Singapore, which had been established in the previous year, into a locally incorporated sales subsidiary, and in Europe we established a sales subsidiary in the Netherlands. In these ways, we advanced the globalization of our business. At the same time, we worked to further strengthen our business foundation in Japan, acquiring a manufacturer of adhesive products and constructing a new building at our Research Center in 1995.



LINTEC KOREA, INC.



Advanced Technology Building



## 2000s

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.

## 2010s

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). Through these types of initiatives, we took steps to strengthen our production and R&D system in Japan. Overseas, in 2011 we established a production subsidiary in Thailand. Subsequently, in 2016, we acquired three companies in Europe and the U.S., including MACTAC AMERICAS, LLC that has a high share of the North American market for label-related products. In this way, we entered a new growth stage.

LINTEC's Strengths

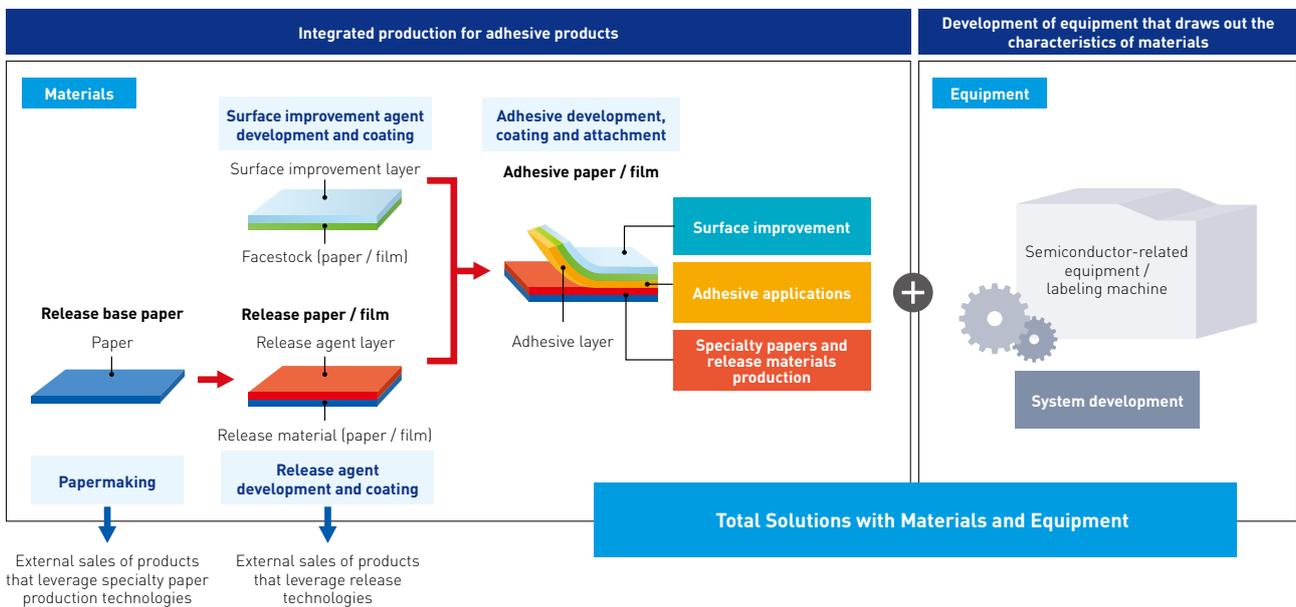
# Three Major Strengths that Support Growth

LINTEC has continued to record stable growth since the merger of its three predecessor companies in 1990. The strengths that have supported the growth of the LINTEC Group are an integrated production system for adhesive products that leverage core technologies in such areas as adhesive applications; distinctive positions that have been built in a wide range of fields; and aggressive business development in overseas markets.

## 1

### Achieving Integrated Production of Adhesive Products

In addition to the development and coating of adhesives, LINTEC also conducts business activities extending from production of release base paper to release agent coating on papers and films and improvement processing of facestocks which are the base for adhesive products. In this way, we have built an integrated production system for adhesive products, and in our mainstay adhesive operations, we have established a competitive advantage in terms of quality, cost, and delivery. In addition, by developing and manufacturing related equipment that fully draws out the special characteristics of our adhesive products, we are providing 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.
- 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.
- 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.
- 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.

## 2 Building Distinctive Positions in a Wide Range of Fields

Many of the products that we manufacture and sell are intermediate materials that are difficult for consumers to see. However, we are providing these products as components that are indispensable for end products, and we have many products with leading shares in niche markets. In addition, another distinctive feature of our operations is our ability to accommodate small lot production of a wide variety of products for quick delivery. We have built unrivaled, distinctive positions in a wide range of fields, from color papers for envelopes and other specialty papers to adhesive papers and films for labels, as well as tapes and equipment used in the production of semiconductors.

### Products with high shares in niche markets



Color papers for envelopes



Adhesive products for labels

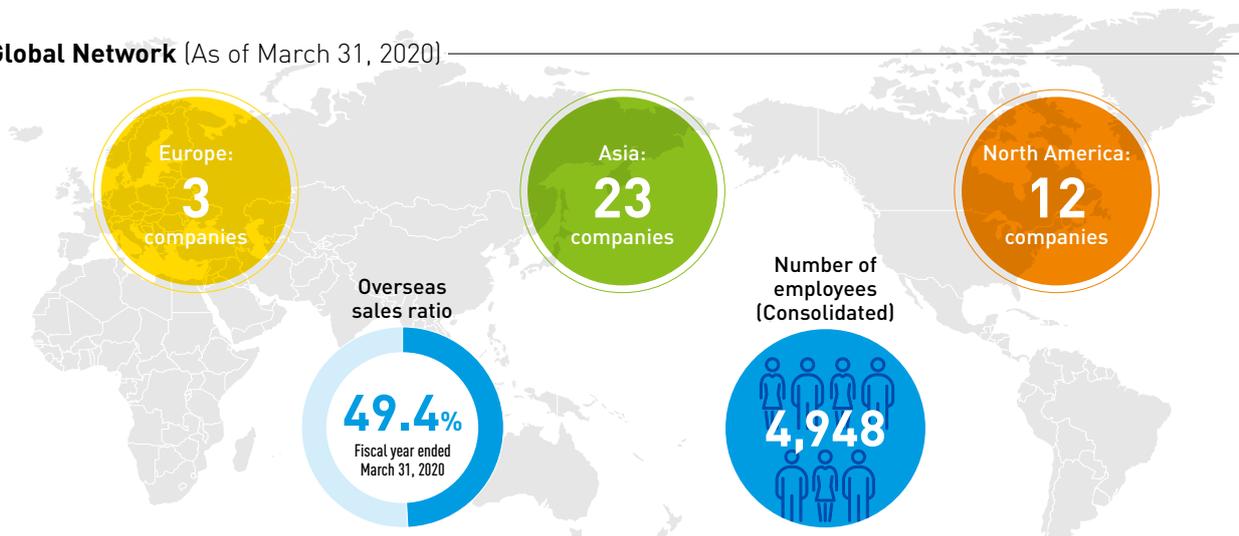


Semiconductor-related tapes and equipment

## 3 Aggressively Advancing Business Globalization

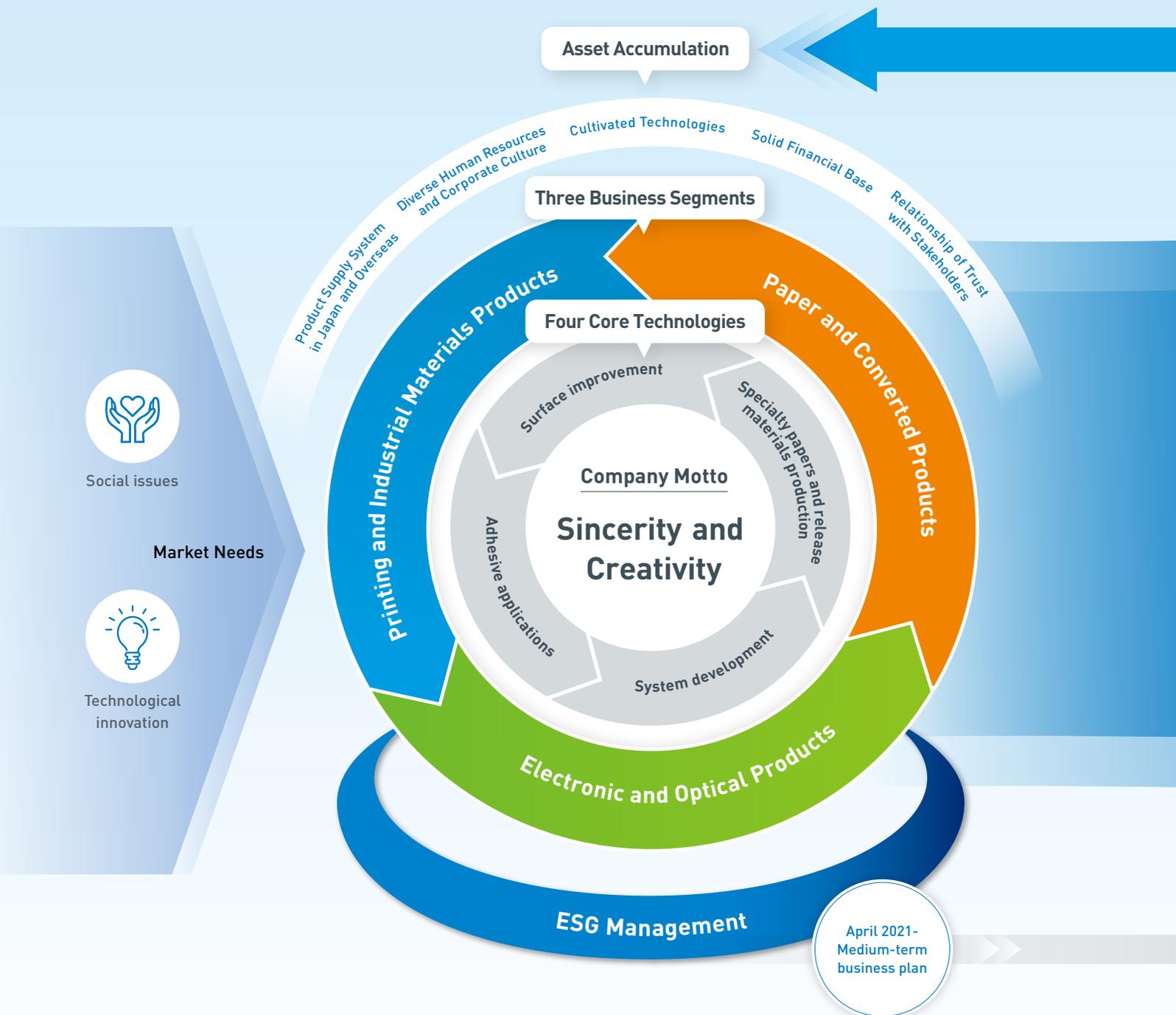
With domestic markets contracting and our customers moving their production bases overseas, we have advanced the globalization of our businesses. The basic concept of these initiatives is local production, under which we produce and provide a stable supply of products in locations that are closer to our customers. Currently, we have 38 consolidated subsidiaries with about 5,000 employees in 19 countries and regions, and our overseas sales ratio has increased to approximately 50%. Moving forward, we will work to further strengthen our global production and sales system, with a view toward expansion into areas where we do not yet have a presence.

### Global Network (As of March 31, 2020)



# 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.



Returns / Investment

# Creating value

through the resolution of issues facing society and customers



**Sustained growth**  
for both society and LINTEC

SUSTAINABLE DEVELOPMENT GOALS



**Contributing to the achievement of the SDGs**

April 2024-  
Medium-term  
business plan

April 2027-  
Medium-term  
business plan

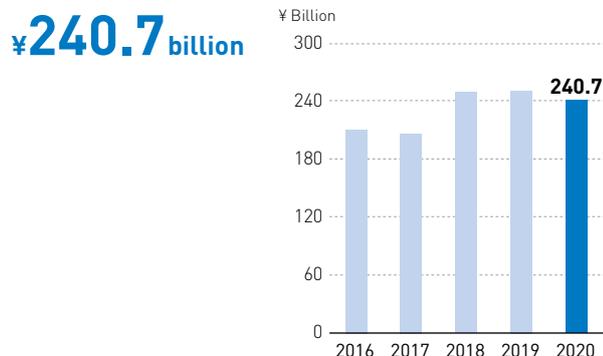
2030

## Performance Highlights

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

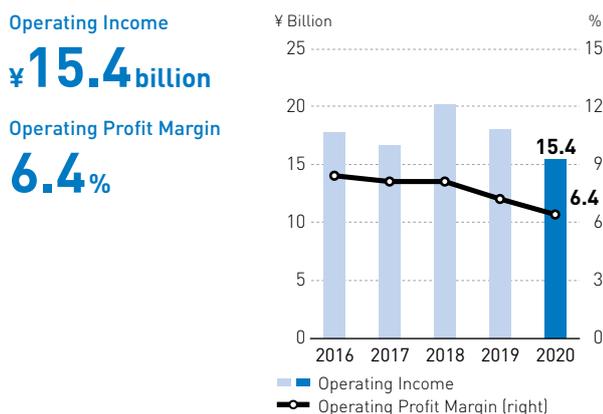
### Financial Information

#### Net Sales



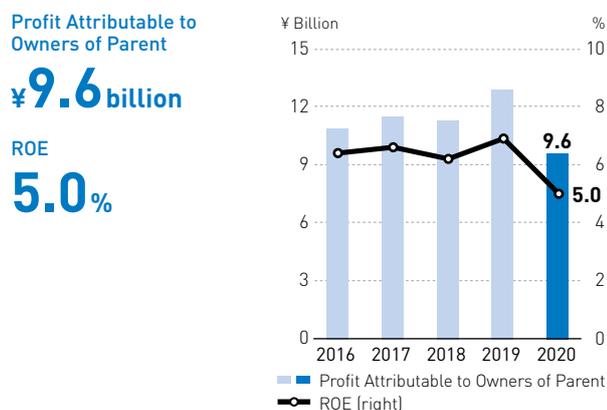
Sales in Advanced Materials Operations and Optical Products Operations declined due to sluggish conditions in electronics-related markets in the first half of the fiscal year. Consequently, net sales decreased.

#### Operating Income / Operating Profit Margin



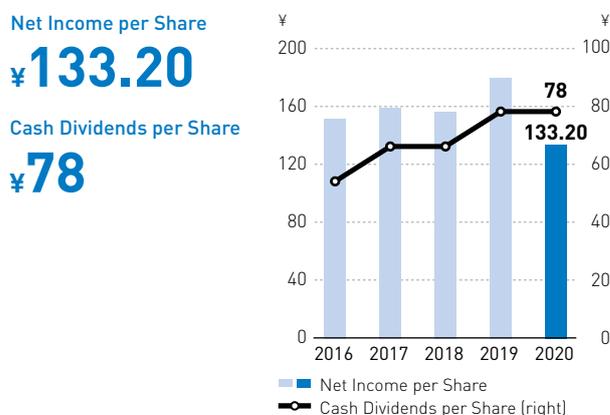
Prices for pulp, a key raw material, declined. Nonetheless, due to lower sales quantity, operating income was down, and the operating profit margin worsened.

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



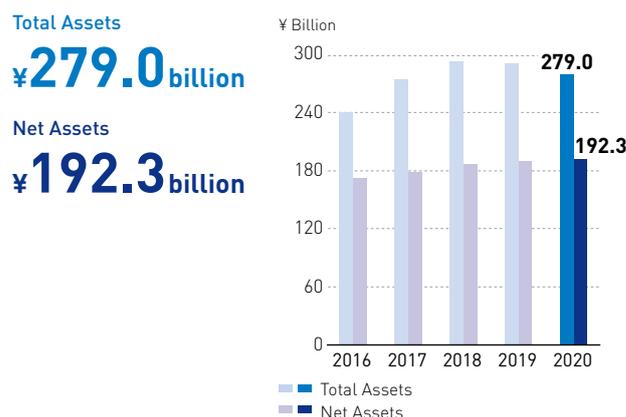
In addition to the decline in operating income, impairment loss of goodwill was recorded as an extraordinary loss. As a result, profit attributable to owners of parent decreased, and ROE worsened.

#### Net Income per Share / Cash Dividends per Share



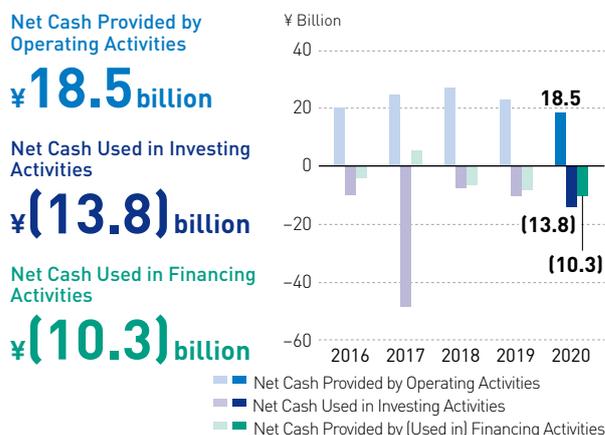
Net income per share declined, but the per-share dividend was ¥78, the same as in the previous year. The dividend payout ratio was 58.6%.

#### Total Assets / Net Assets



Total assets decreased due to a decline in cash and deposits resulting from repayments of long-term loans payable, a decline in goodwill, etc., but net assets increased as a result of higher retained earnings and other factors. The equity ratio was 68.7%.

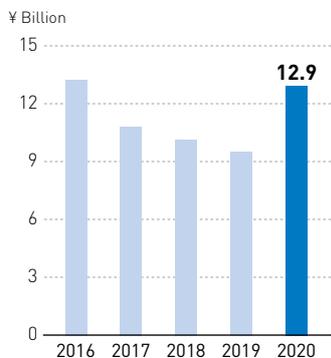
#### Cash Flows



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

**¥12.9 billion**



Capital expenditure totaled ¥12.9 billion due to the expansion of the release film coating facility at the Agatsuma Plant (Gunma Prefecture); the introduction of equipment to reduce greenhouse gas emissions; production base restructuring accompanying the management rationalization at MADICO, INC., in the U.S., etc.

### Depreciation and Amortization / Amortization of Goodwill

**Depreciation and Amortization**

**¥9.5 billion**

**Amortization of Goodwill**

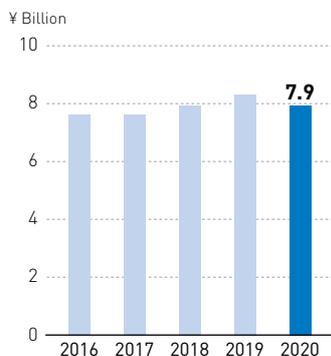
**¥3.3 billion**



Depreciation and amortization was ¥9.5 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

**¥7.9 billion**

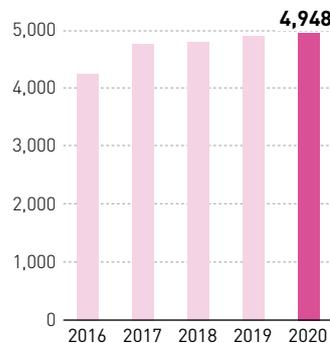


R&D expenses were ¥7.9 billion, with Printing and Industrial Materials Products accounting for ¥2.9 billion; Electronic and Optical Products for ¥3.7 billion; and Paper and Converted Products for ¥1.3 billion.

## Non-financial Information

### Number of Employees

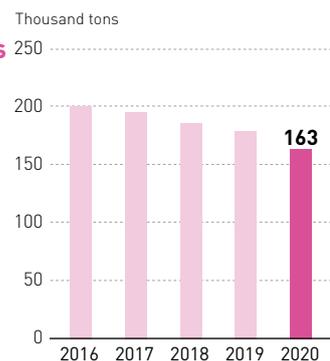
**4,948**



On a consolidated basis, the number of employees was 4,948, an increase of 60 employees year on year. On a non-consolidated basis, LINTEC had 2,584 employees.

### CO<sub>2</sub> Emissions

**163 thousand tons**



As a result, CO<sub>2</sub> emissions volume was down 16 thousand tons year on year, to 163 thousand tons. This was attributable to the installation of new facilities at production bases to reduce environmental impacts, lower production volumes, etc.

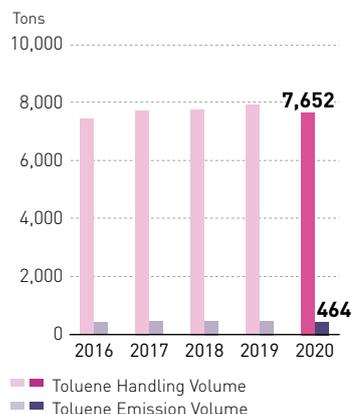
### Toluene Handling Volume / Toluene Emission Volume

**Toluene Handling Volume**

**7,652 tons**

**Toluene Emission Volume**

**464 tons**



Toluene is a volatile organic solvent that is mainly used during adhesive and release agent coating processes. Our toluene handling and emission volumes declined year on year due to progress with solvent-free products, etc.

# Major Activities in FY2020

This section introduces the Group's principal initiatives, IR activities, and new products in the period from April 1, 2019 to March 31, 2020.

## CORPORATE

### 1 June 28

LINTEC ADVANCED TECHNOLOGIES (TAIWAN), INC., completed a new building

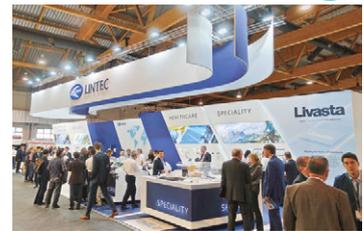


### 2 September 12

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 24 to 27

Exhibited at Labelexpo Europe 2019 in Belgium, the world's largest label-related exhibition



2019



## PRODUCTS

### A May 29

Launched a new solvent-free type of adhesive products for labels that use plant-derived raw materials in the adhesive



### B June 1

Added medium-grade automotive window films to standard lineup in Japan and overseas



### C July 1

Launched Livasta, a global brand of adhesive products for labels

# Livasta

### D July 1

Launched a new strong-adhesion type of adhesive products for labels that use plant-derived raw materials in the adhesive and are suitable for use in low-temperature environments



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 two-dimensional code on the right can be used for easy access.



**4 October 27**

Held a jazz concert for people with disabilities and other people who live in Itabashi-ku, Tokyo



**5 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 fifth consecutive year



**6 December 19 to 22**

Supported Japan Figure Skating Championships 2019

**7 February 13**

U.S. subsidiary MADICO, INC., completed the move to its new headquarters plant in Florida



2020



**E November 1**

Launched new restickable type adhesive sheets for large-sized digital printing



**F January 29**

Launched adhesive products for special vapor deposition labels with a metallic look and a transparent background (left)



**G February 3**

Launched adhesive products for labels that use 100% recycled PET resin for the facestock



**H February 3**

Launched laminate films that use plant-derived raw materials for the facestock



# 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

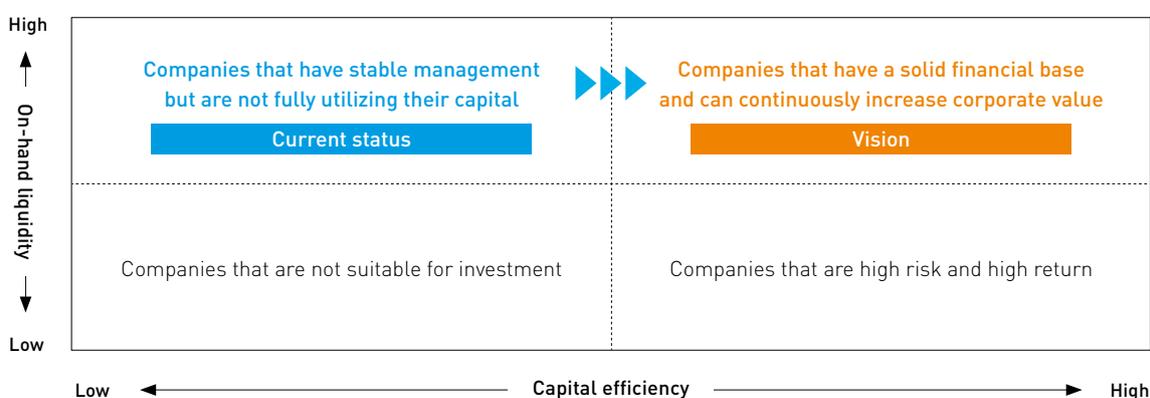
As of the end of March 2020, the Company had about ¥13.0 billion in loans payable and approximately ¥57.0 billion in cash, and therefore I believe we have a sound financial position. We sometimes receive comments from shareholders and investors that we have too much on-hand liquidity. About half of our 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

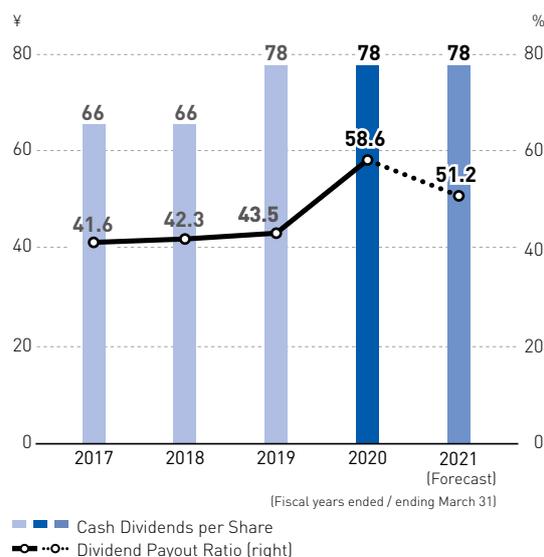
the management of selling prices. In addition, we will work to improve asset efficiency by increasing awareness of inventory turnover and non-current asset turnover in each business operation.

## 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.

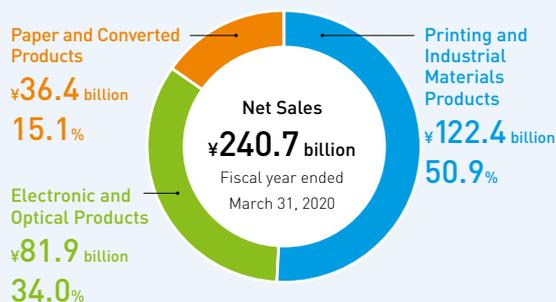
# Draws a road map for future

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.

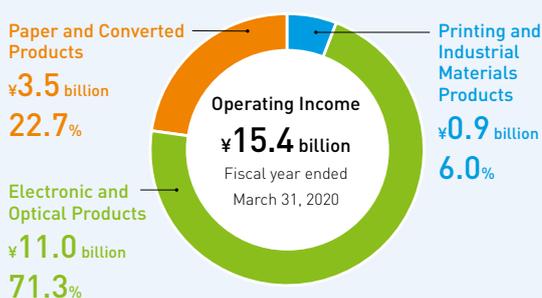


Note: Based on the similarities of their products, technologies, and markets, the Group's six operations are classified into three segments—Printing and Industrial Materials Products, Electronic and Optical Products, and Paper and Converted Products.

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

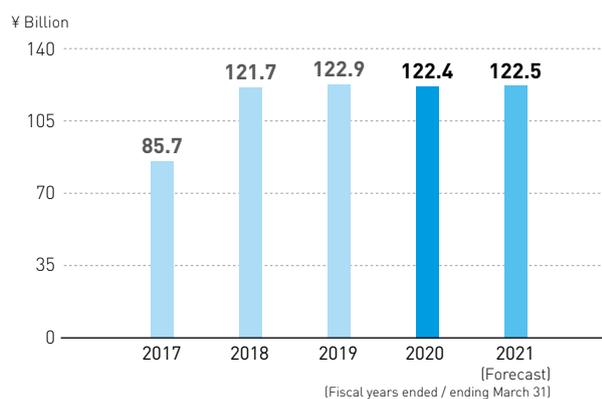
## Opportunities

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

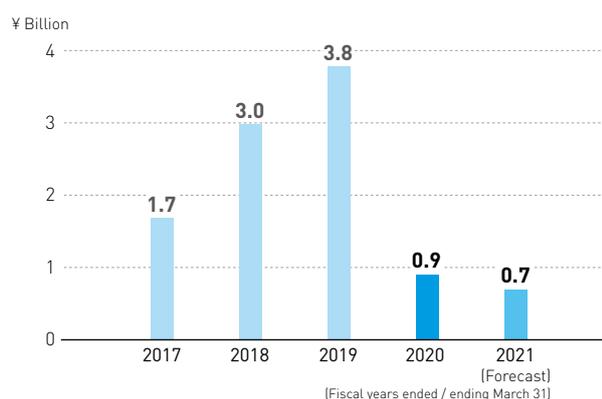
## Threats

- 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



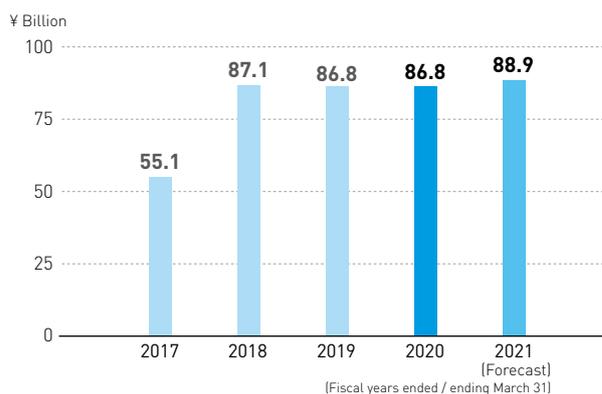
# Printing & Variable Information Products Operations



## 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



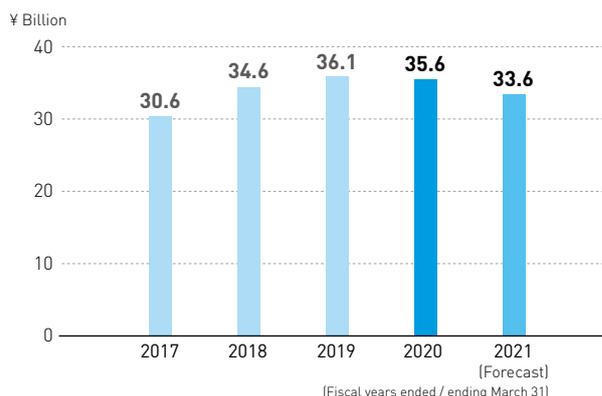
## Industrial & Material Operations



### 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.

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.



### Shuji Morikawa

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

# 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

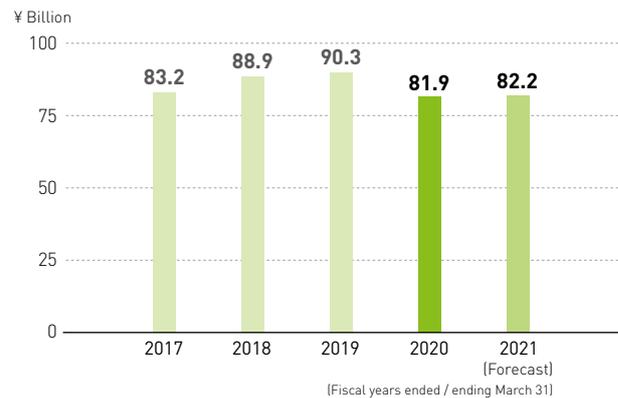
## Opportunities

- 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

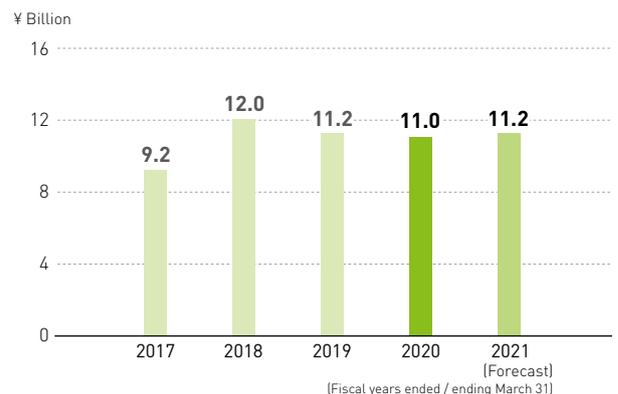
## Threats

- 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

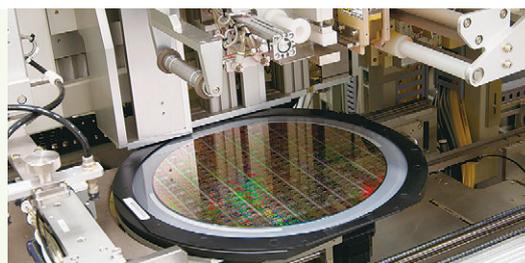
## Net Sales by Segment



## Operating Income by Segment



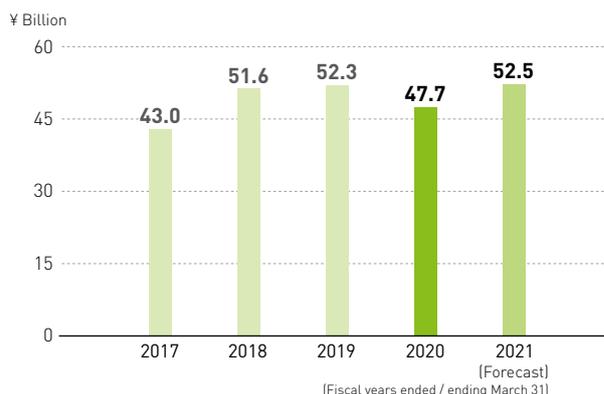
## Advanced Materials Operations



### 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

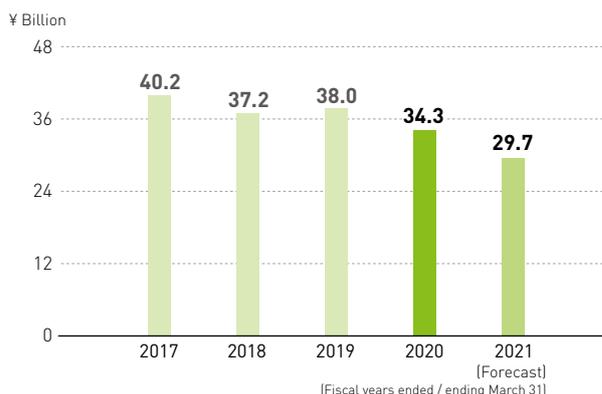
# Optical Products Operations



## 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

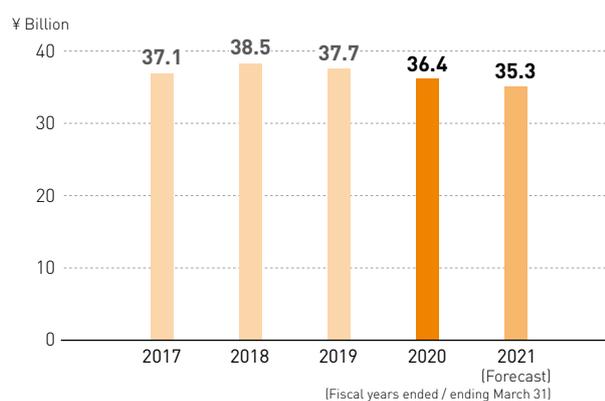
## Opportunities

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

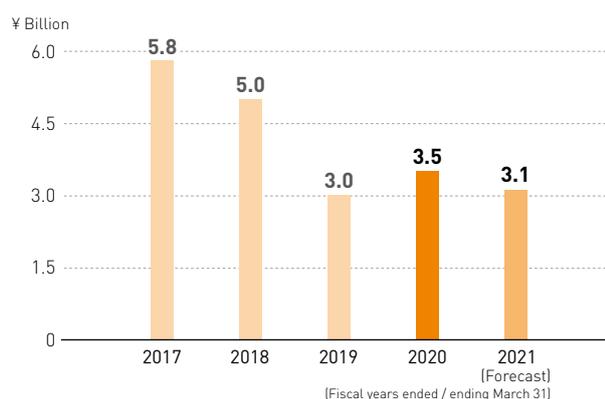
## Threats

- 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



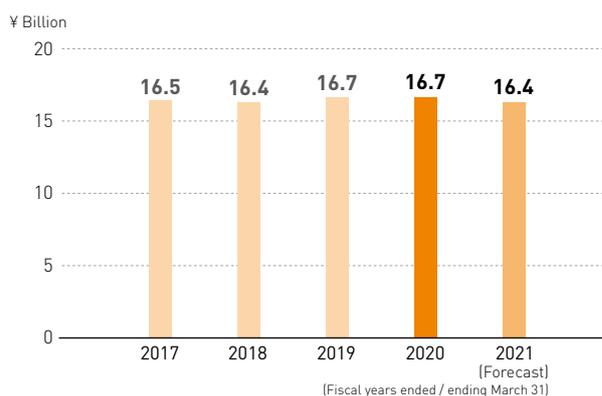
## Fine & Specialty Paper Products Operations



### 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



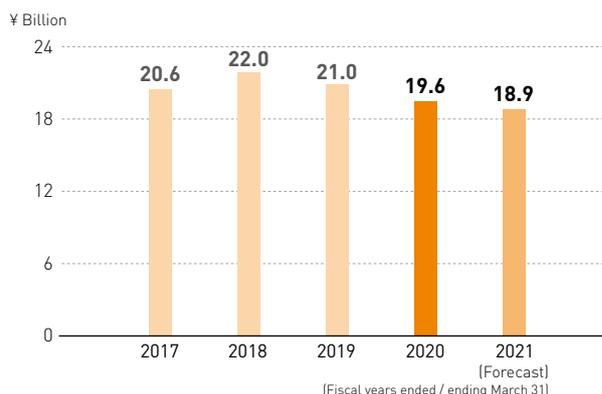
## Converted Products Operations



### 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  $-5^{\circ}\text{C}$  to  $30^{\circ}\text{C}$ . 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

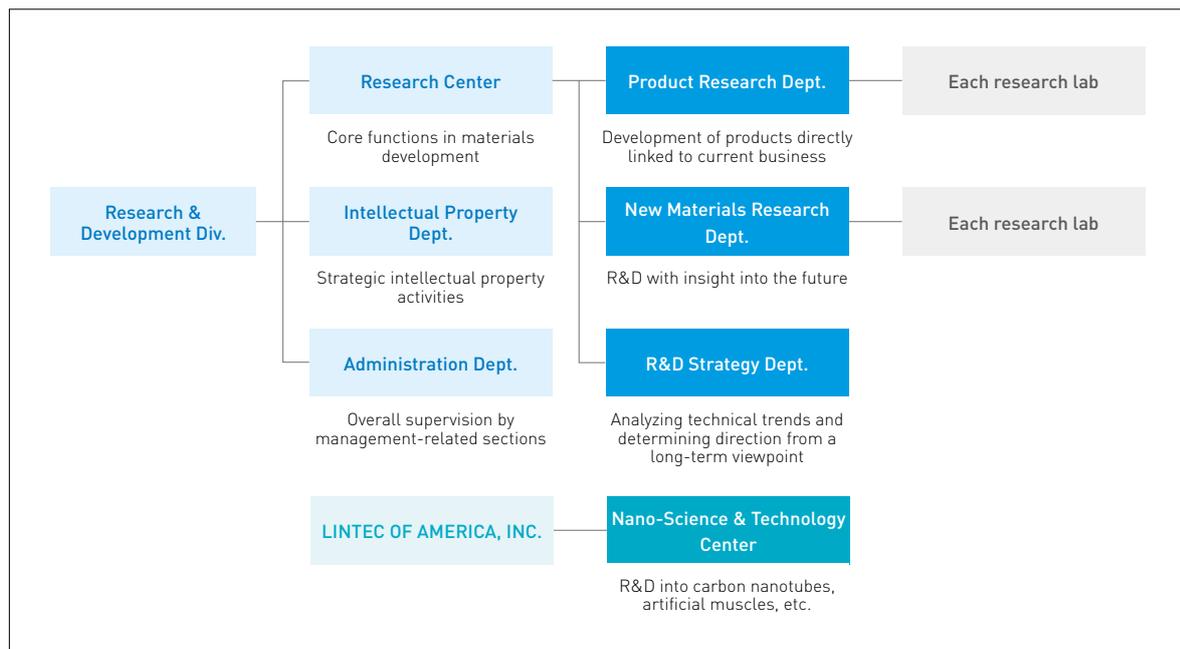
# Research and Development

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.



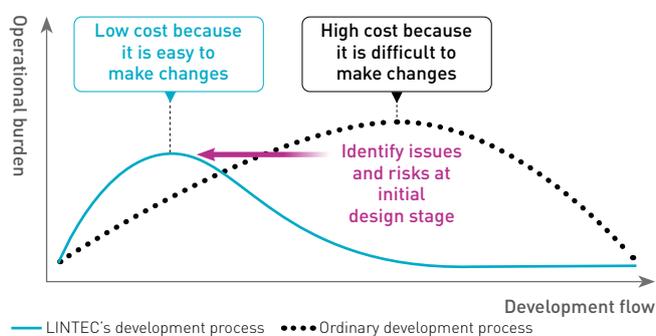


## R&D Policy

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

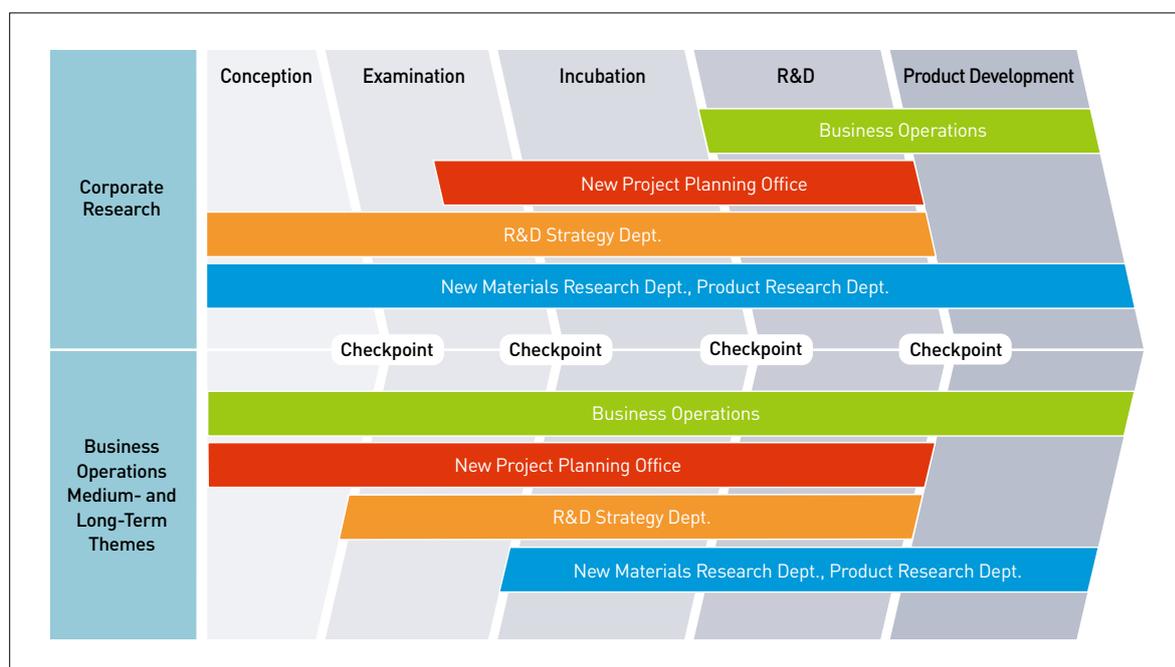
## Research and Development

### 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.

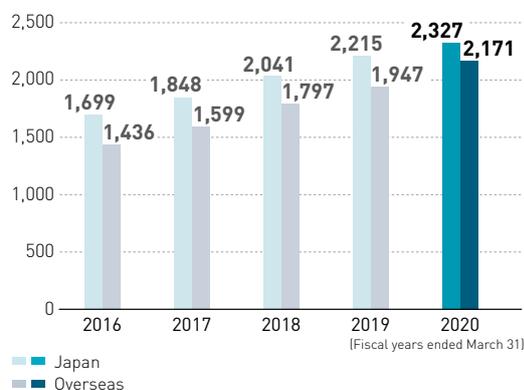
#### Stage Gate System



### 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.



# Foundation

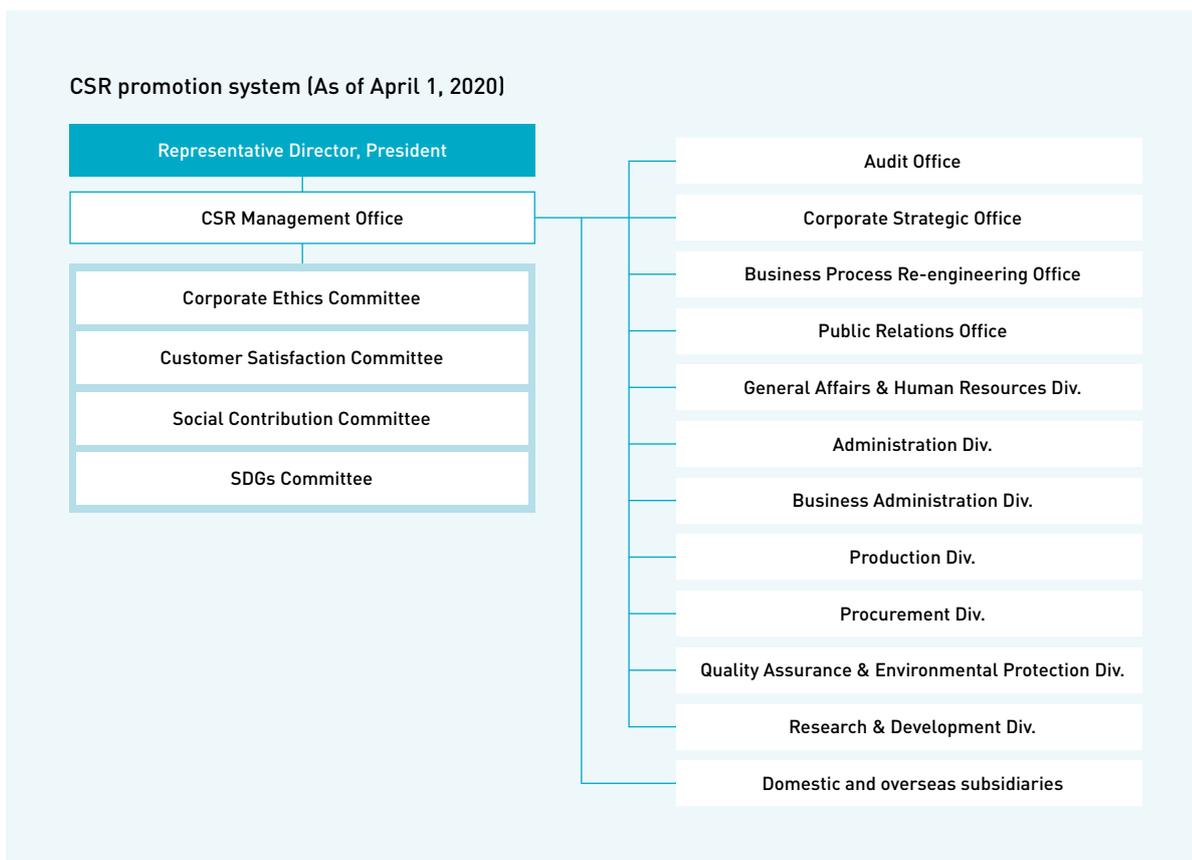
To remain a good corporate citizen and a manufacturer that is highly regarded and trusted by all stakeholders, the LINTEC Group positions corporate social responsibility (CSR) at the core of business management. This section focuses on the Group's initiatives from the viewpoint of environmental, social, and governance (ESG) factors—which are essential for realizing a sustainable society and enhancing corporate value.



# CSR Promotion System and Material Issues

## CSR Promotion System

LINTEC has established the CSR Management Office, which is under the direct control of the president, and, at all Group companies, we are working to cultivate a high level of ethics and to promote the spread of the CSR spirit. In addition, we have established four CSR committees—the Corporate Ethics Committee, Customer Satisfaction Committee, Social Contribution Committee, and SDGs Committee—with members from across the organization. The CSR Management Office is supporting the activities of these committees. Each committee has an officer in charge, who takes responsibility from a management perspective and leads activities.



## Pick up / SDGs Committee

Aiming to incorporate Sustainable Development Goals (SDGs) into business management and contribute to the resolution of a range of social issues through its core businesses, in February 2018 we launched the SDGs Committee. In the fiscal year ended March 31, 2020, the committee considered ideas for new businesses and innovative products while taking steps to incorporate the viewpoints of third parties, such as interviewing university researchers and visiting facilities in other industries. In April 2020, we launched a western Japan subcommittee, which has further strengthened our initiatives. Moving forward, the committee will advance the process of generating ideas for a specific business model and will aim to plan and propose businesses that can be incorporated into the next medium-term business plan and the long-term vision, which will look ahead 10 years and is currently being formulated.



**Material Issues (Important Issues)**

With the objective of further advancing CSR activities and meeting the demands of stakeholders, the LINTEC Group has conducted a materiality assessment to identify important issues, and we started full-scale implementation of measures to address these issues from the fiscal year ended March 31, 2017.



**Reevaluation of Material Issues**

With consideration for social issues that continue to change, LINTEC is advancing the reevaluation of its material issue initiatives while engaging in dialog with stakeholders on a daily basis. The new material issues incorporate the SDGs perspective, and, at this point, we have progressed to step 2 of the reevaluation process. Moving forward, we will also make further changes to the KPIs.



In narrowing down ESG initiatives, we gave consideration not only to changes in various international guidelines and frameworks, such as the SDGs, the GRI Standards, the U.N. Global Compact, and ISO 26000, but also to important ESG initiatives established by ESG evaluation organizations.

We consider hypotheses and assess importance in conjunction with internal units, such as R&D divisions and the New Project Planning Office.

With consideration for the results of steps 1 and 2, we specify key initiatives and receive evaluation and approval from the president, who is the chief decision maker.

With consideration for the material issues that have been specified, we will establish performance indicators for activities and advance toward application.

Note: Organizations covered in results: [A] LINTEC (non-consolidated); [B] LINTEC Group; [C] LINTEC, TOKYO LINTEC KAKO, INC.; [D] LINTEC Head Office, 10 production sites, Research Center; [E] LINTEC production sites (excluding Ina Technology Center), Research Center

Materiality		Specific Actions	KPIs and Results in the Fiscal Year Ended March 31, 2020	Related SDGs
Governance	Operating global governance	Enhance global governance	(1) Use of consultation contact points in and outside Japan: 3 cases [B] (2) Results of audits by the internal audit division according to local laws and regulations and internal standards: No serious findings [B]	 
Environment	Effectively using raw materials	Procure materials that will help to reduce environmental impact based on the LINTEC Procurement Policy	Volume of organic solvents used: 18,000 t [A]	 
	Reducing atmospheric emissions	Reduce emissions into the atmosphere based on our medium-term environmental target	(1) CO <sub>2</sub> emissions from business activities in Japan: 163,100 t [C] (2) Volatile Organic Compounds (VOC) emissions from business activities in Japan: 869 t [E]	  
	Making environmental contributions through products and services	Develop and spread environmentally friendly products through LCA*1	Number of environmentally friendly products developed: 59 products [A]	 
	Ensuring environmental compliance	Ensure and manage environmental compliance using the environmental management system	Number of serious violations of environmental laws and regulations: 0 violations [D]	
Labor practices	Ensuring occupational safety and health	Conduct activities to ensure occupational safety according to the occupational safety and health management system	(1) Number of occupational accidents and accidents resulting in absence from work: 4 accidents [C] (2) Working hours with no occupational accidents: Please refer to page 50 [C]	 
	Achieving workplace diversity	Respect the diversity of employees and provide rewarding workplaces	(1) Ratio of female managers: 13% [B] (2) Return to work after taking time off for childcare leave: 100% [A]	 
	Improving employee satisfaction	Build working environments where employees feel motivated to work	Turnover in three years of employees hired as new graduates: 12.6% [A]	
Society	Conducting human rights due diligence*2	Respect human rights and determine risks throughout the supply chain	Number of responses to supplier survey: 107 companies [A]	
	Ensuring social compliance	Instill and ensure Groupwide compliance	Response rate for survey to identify risks distributed to officers and managers: 82.0% [B]	
	Ensuring product compliance	Use the quality management system to eliminate and prevent accidents	Number of serious product accidents reported: 0 accidents [C]	
	Making contributions to sustainable consumption	Publicize the effects of environmentally friendly products to stakeholders	Number of exhibitions participated in as an exhibitor in and outside Japan: 47 times [B]	
	Achieving harmonious co-existence with local communities	Introduce social contribution activities for local communities as a good corporate citizen	(1) Number of participants on plant tours: Total of 800 persons [C] (2) Implementation of social contribution activities: Please refer to page 51 [B]	
Contribution to business	Developing business models for local production & sales in emerging countries	Conduct R&D for products intended for local procurement and for resolving social issues	Development of a system for registering local raw materials at sites outside Japan: Search system for global raw material information management under development [B]	   
	Entering new business fields		Number of patent applications: 354 applications [A]	Under review

\*1 LCA (Life Cycle Assessment): A method for comprehensively assessing effects on the environment by calculating items such as the amount of energy and water input, the amount of raw materials used, and the amount of CO<sub>2</sub> and hazardous chemical substances emitted throughout a product's lifecycle

\*2 Human rights due diligence: A process that an organization follows in order to identify, prevent, and deal with adverse human rights impacts in advance

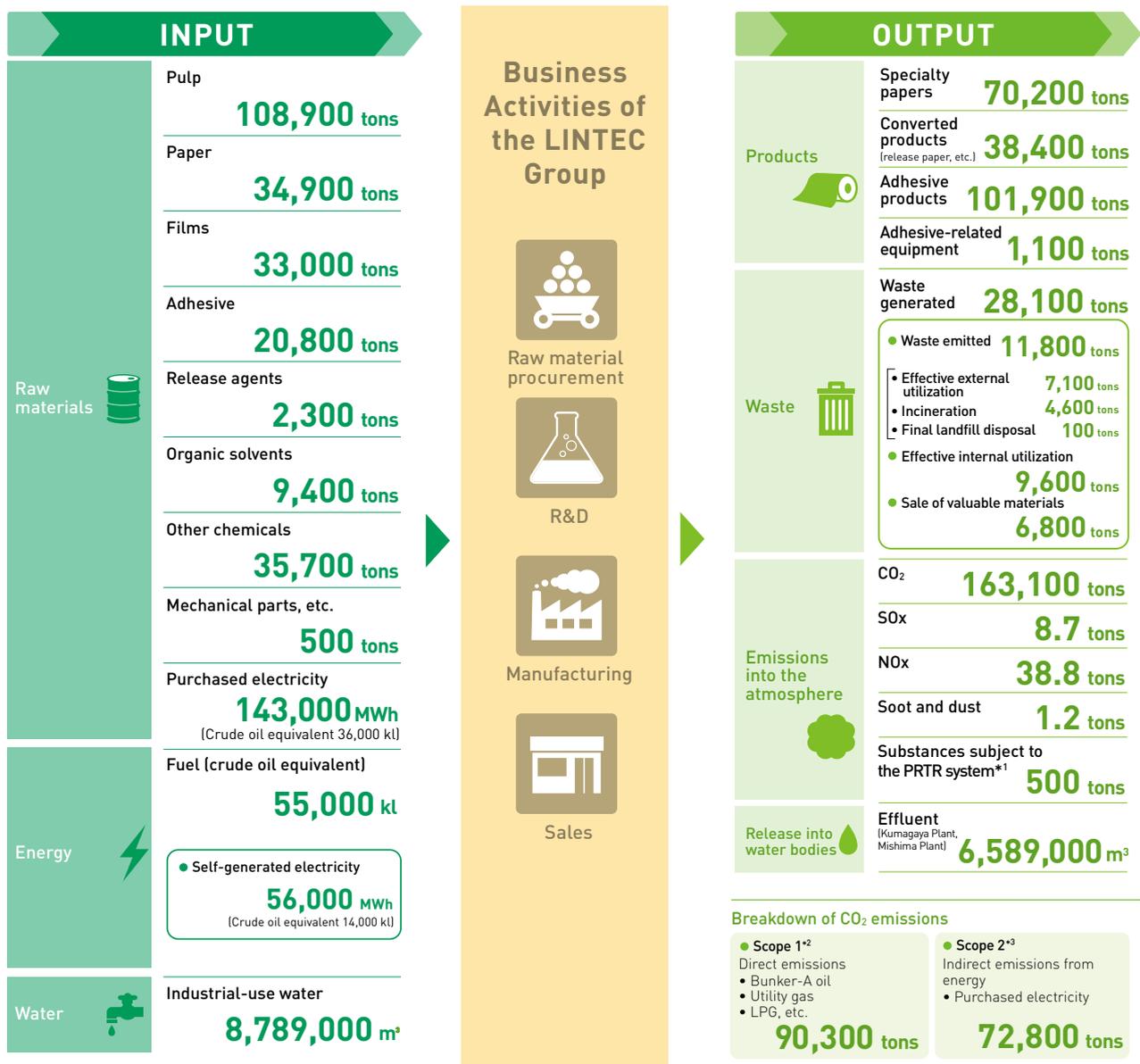
E



# Environment

The LINTEC Group uses large amounts of raw materials, fossil fuels, water, and other materials to manufacture products. We are working to fulfill our responsibilities as a manufacturer by reducing the environmental impact of our operations and developing environmentally friendly products.

Material Flow (Fiscal year ended March 31, 2020)



\*1 PRTR system: The Pollutant Release and Transfer Register system that requires companies to estimate the volume of chemical substances they have released and transferred in waste and report the data to the government

\*2 Scope 1: Direct CO<sub>2</sub> or other greenhouse gas emissions from the consumption of purchased gas and liquid fuels, such as liquid natural gas (LNG), liquid petroleum gas (LPG), utility gas, kerosene, light oil, and gasoline

\*3 Scope 2: CO<sub>2</sub> or other greenhouse gas emissions generated by other companies in the production of energy, such as electricity and steam, purchased by the reporting company

Notes 1: The numerical data in the environmental report has been compiled from the following organizations: LINTEC Corporation's Head Office, 10 production sites, and Research Center, and TOKYO LINTEC KAKO, INC.

2: For industrial-use water, although tons were used for initial calculations, figures have been converted into cubic meters in this report.

### Environmental Management

We have acquired global integrated certification under international standard ISO 14001, including the LINTEC head office and plants, Research Center, Group company TOKYO LINTEC KAKO, INC., and overseas Group companies. Due to the inspection for a change in registered matters accompanying the relocation of U.S. subsidiary MADICO, INC., LINTEC now has 22 certified, registered worksites in Japan and overseas. We will continue to promote the acquisition of global integrated certification by overseas Group companies as we strengthen Companywide initiatives in environmental preservation.

### Climate Change Initiatives

To address climate change, the Group is working to reduce energy usage and CO<sub>2</sub> emissions. The Group's total energy usage in the fiscal year ended March 31, 2020, was down 1.3% year on year, and energy consumption intensity, which expresses energy efficiency, improved 0.7%. In addition, CO<sub>2</sub> emissions were 163,100 tons, down from 179,200 tons in the previous fiscal year. Moving forward, the Group will continue aiming to further reduce energy usage and CO<sub>2</sub> emissions, to that end we will take such steps as using co-generation systems and low carbon emission electricity.

#### CO<sub>2</sub> Emissions



### Co-generation Systems

In co-generation systems, LNG and other fuels is used to generate and supply electricity that is utilized to operate various types of production facilities. At the same time, the heat that is generated during the production of the electricity is recovered in the form of hot water or steam and then used. In the manufacturing of the Company's products, there are many processes that require drying, such as in papermaking and adhesive/release agent coating. However, through the introduction of co-generation systems, the drying process can utilize the heat energy that is generated at the same time as the electricity that powers the production facilities. This initiative is expected to result in substantial reductions in CO<sub>2</sub> emissions. We are seeing significant results at the Kumagaya Plant and the Doi Plant (Ehime Prefecture), where these systems have already been introduced. Moving forward, we will advance and accelerate the aggressive introduction of co-generation systems at our plants.



Co-generation system

### Compliance with Environmental Laws, Directives, and Regulations

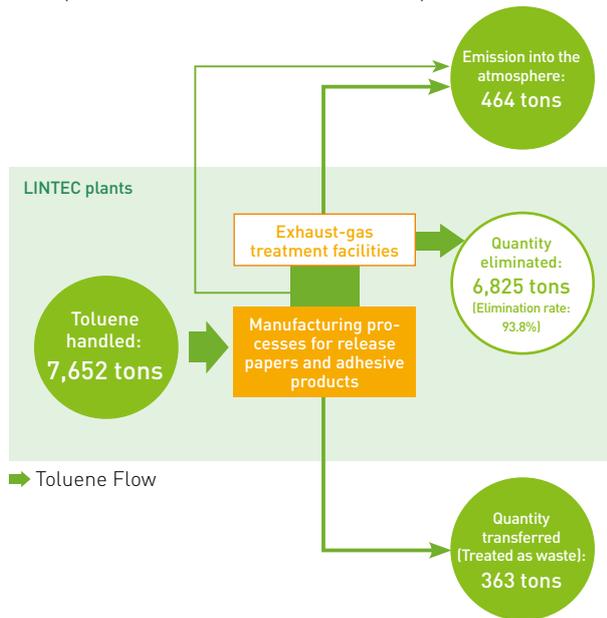
The LINTEC Group seeks to be compliant with environmental laws, directives, and regulations in Japan and overseas and reduce chemical substances that are harmful to the environment. In addition to responding to restricted substances stipulated by

REACH\*<sup>1</sup> and RoHS,\*<sup>2</sup> we check for substances with environmental impact in the raw materials that we purchase and disclose necessary information to our customers. In the fiscal year ended March 31, 2020, on a non-consolidated basis the total handling volume of substances under the PRTR system was 7,817 tons, of which 7,652 tons were toluene, an organic solvent. Toluene emitted into the atmosphere amounted to 464 tons, a decrease of 25 tons over that of the previous fiscal year, while the quantity transferred (treated as waste) was 166 tons less than in the previous fiscal year, at 363 tons.

\*1 REACH: EU regulation for the Registration, Evaluation, Authorization and Restriction of Chemicals  
\*2 RoHS: EU directive on the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment

### Fiscal Year 2020 Emission and Transfer of Toluene

Note: Elimination rate = eliminated amount / (handled amount - transferred amount) × 100

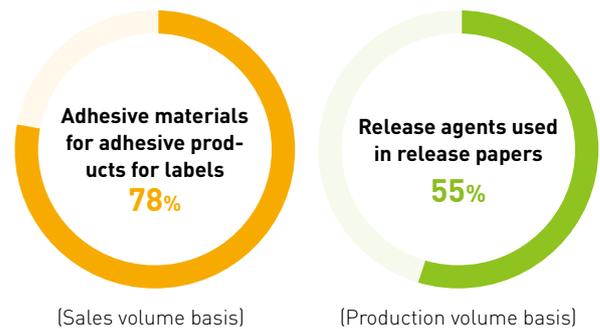


#### ► Advancing Reductions in the Use of Organic Solvents

To reduce the use of organic solvents, which have a high environmental burden, we are advancing the use of solvent-free methods that do not use organic solvents for coating of adhesives and release agents. In the fiscal year ended March 31, 2020, the solvent-free percentage was 78% for adhesives used in adhesive products for labels and 55% for release agents used in release papers. Moving forward, we will work

to expand our lineup of solvent-free products and to increase sales of these products. In this way, we will strive to further reduce the environmental burden.

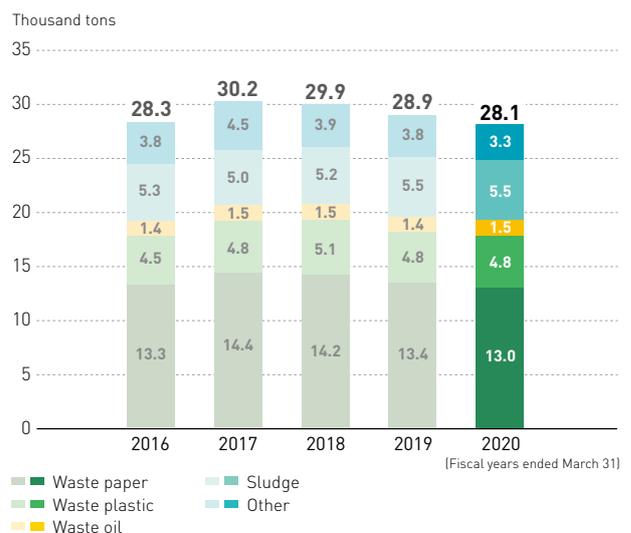
### Solvent-free percentage (fiscal year ended March 31, 2020)



### ■ Achieving Zero Emissions

In the fiscal year ended March 31, 2020, waste generated was 28,100 tons, and waste emitted was 11,800 tons. Of the waste emitted, 7,100 tons was recycled externally, and the other 4,600 tons was properly disposed of by waste disposal companies. In addition, the final landfill disposal was 100 tons, or 0.3% of waste generated. With a final landfill disposal rate of less than 1.0%, we achieved zero emissions.

### Waste Generated



## LINTEC's Environmentally Friendly Products

The LINTEC Group has embraced the rise in environmental awareness of recent years and is developing products to meet a wide range of environmental needs. Our environmentally friendly product lineup pays heed to reusing, recycling, the move away from the use of plastics, and energy saving.

### Strengthening Environmental Measures for Adhesive Products for Labels

Against a background of reductions in waste plastic and the move away from the use of plastics, there is also a need for environmental initiatives in adhesive products for labels. As one part of those activities, LINTEC has expanded its lineup of labelstocks with facestocks that use PET resin recycled from used PET bottles. We have launched labelstocks that use 100% recycled PET resin in the facestock films while simultaneously realizing physical properties equivalent to those of label materials that use non-recycled PET film substrates.

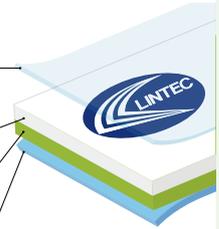
Moreover, we are working to strengthen our lineup of products that utilize a biomass type of adhesive, which uses botanically-derived raw materials, and products that utilize an emulsion type of adhesive, which does not use organic solvents during production. In addition, through the utilization of thin films, we are working to reduce the amount of petroleum-derived raw materials that are used.



Adhesive films for labels using 100% recycled PET resin in the facestock

#### Label Composition and Measures to Address Eco-Friendliness

<b>Laminate film</b>	Use of botanically-derived raw material, use of thin material, etc.
<b>Facestock</b>	Use of recycled resin, use of thin material, etc.
<b>Adhesive</b>	Use of solvent-free method, botanically-derived raw material, etc.
<b>Release paper / film</b>	Use of solvent-free method, use of thin material, etc.



### Paper Substrate Label Materials with Superior Water Resistance for Use as a Substitute for Film Labelstocks

To address demand related to the move away from the use of plastics, we created a series of three labelstocks. These labelstocks use water-resistant paper as a substitute for film. Through the application of manufacturing technologies for washing-resistant paper, which is used in cleaning tags, we have achieved a superior water-resistant strength. In addition, we have also realized suitability for printing, which is difficult to achieve at the same time as water resistance. We are also giving consideration to the environment in the area of adhesives. For example, we are utilizing a biomass type that includes botanically-derived raw materials, and an emulsion type that does not use organic solvents in the manufacturing process.



The new labelstocks are suitable for eye-catching product labels and display labels



The labelstocks offer superior water resistance

### Window Films that Curb Temperature Increases in Buildings and Vehicles

Applying these films onto the entire surfaces of building, automobile, or railcar windows significantly cuts thermal energy from sunlight, which causes heat. Curbing an increase in inside temperatures enhances the efficiency of air-conditioning and helps save electricity and energy. Unlike curtains or blinds, these films do not reduce brightness or impede views. Also, they lower ultraviolet light by more than 99% and prevent shard shattering if the window glass is broken.



Window films for automobiles



Window films for buildings



## Society

In continuing and expanding business activities, creating favorable relationships with all stakeholders is indispensable. The LINTEC Group is advancing initiatives with the aim of establishing employee-friendly workplaces, providing stable supplies of high-quality products, and strengthening partnerships with customers and suppliers. Further, we are actively tackling social contribution activities.

### Respect for Diversity and Human Rights

The LINTEC Group avoids discriminatory treatment of employees based on race, creed, gender, education, nationality, religion, age, or disability status, thereby respecting diversity. In the areas of recruitment and employment, the Group complies strictly with labor laws and regulations, including the prohibition of unfair discrimination, child labor, and harassment, and endeavors to promote an environment where all employees can go about their work in a positive and energized frame of mind. Every year, we conduct a Groupwide survey of human rights and working conditions. As well as checking compliance in Japan and overseas, the surveys confirm that companies are respecting basic human rights and providing safe, healthy workplaces. Furthermore, we have a helpline through which employees can consult with the General Affairs & Human Resources Div. or a lawyer if they have any concerns or have witnessed illegal behavior in the workplace. Access has been extended to overseas Group companies and English-language and Chinese-language helplines are also available.

### Work-Style Reforms

In Japan, the working age population is currently decreasing due to a declining birthrate and an aging population. This has become a major social issue, and the government is advancing work-style reforms to support sustained growth. We are creating workplaces that are more amenable to all employees' needs and enhancing labor productivity.

#### Realizing Work-Life Balance

LINTEC is taking steps to reduce long working hours and late-night work, including for managers. To encourage employees to take paid leave, in April 2015, we introduced a planned vacation system under which employees designate in advance five days on which they will take paid leave. Since the introduction of this system, the percentage of paid leave taken has increased every year. In the fiscal year ended March 31, 2015, the year before the introduction of this system, the percentage of paid leave taken was approximately 51%, while in the fiscal year ended March 31, 2020, this percentage had increased to approximately 67%. Also, in April 2016, we increased the number of days that could be taken for family care leave and the period during which the

shorter-hours program could be used for family care. We also increased the children's age limit in regard to the use of the shorter-hours program for childcare. Moreover, from April 2018, we increased the amounts of retirement allowances and young employees' wages. Also, through a revision of working rules, we expanded the number of days that can be taken for certain types of leave and eased the requirements for taking certain types of leave. From April 2019, we introduced an interval system that stipulates a certain minimum number of hours that must be taken off between periods of work. We are also encouraging the active use of work from home and flex-time systems, and we are advancing measures to address a variety of working styles, including coronavirus countermeasures. Going forward, we will continue striving to establish environments and systems that enable everyone to work with enthusiasm.

### Percentage of Paid Leave Taken



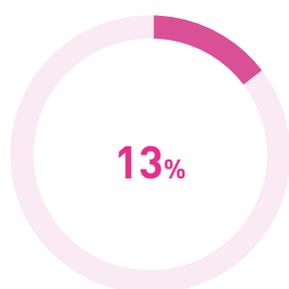
#### Diversity-Related Initiatives

As one facet of measures to promote the active participation of female employees, LINTEC has been advancing the awareness of female employees as well as the entire workplace through various types of training for female employees and for managers. We are also working to increase the percentage of women among our managers and supervisors as well as our new hires. In addition, former employees can start to contribute immediately, and accordingly we have introduced the Job Return System, under which we rehire employees who have resigned due to such circumstances as childbirth, family care, or the job transfer of a spouse. In these ways, we are expanding the opportunities for active participation of women in the workplace. We have also established a retiree rehiring program under which we rehire employees who have reached the retirement age of 60,

utilizing one-year employment agreements up to the age of 65. We are also considering raising the retirement age to 65. For the fiscal year ended March 31, 2020, our employment rate for people with disabilities was 2.19%, slightly lower than the legally mandated rate of 2.2%. Moving forward, we will continue taking steps to expand employment of people with disabilities, such as improving internal facilities as needed.

### Female manager ratio

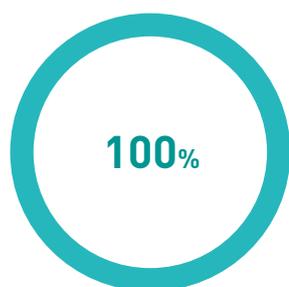
[As of the end of March 2020]



(LINTEC Group, including non-consolidated companies)

### Rate of return after childcare leave

[As of the end of March 2020]



(LINTEC Group, including non-consolidated companies)

### Employment Rate for People with Disabilities



### ► Harassment Countermeasures

The LINTEC Compliance Guidelines, which are distributed to all employees as one facet of CSR management, expressly prohibit harassment. At management training and CSR study sessions for all employees, we take a thorough approach to fostering a correct understanding about harassment. In Japan, we are instituting harassment training for the improvement of workplace environments, which is provided for all employees at LINTEC and Group companies. In addition, we have established the Harassment Consultation Hotline. Moving forward, we will continue working to prevent harassment on a Groupwide basis, including overseas.



Compliance Guidelines

### ► Mental Health Support

To manage the mental health of Group employees, every year we implement a stress check using a web service. In the fiscal year ended March 31, 2020, the consultation rate was 94%. The results of the consultations are used for understanding and management of stress levels, and feedback is provided to managers to improve the workplace environment. In addition, we have introduced a program that offers counseling on the telephone or in person, as well as a hotline that enables consultations with professionals about such concerns as health, child-rearing, and care-giving. In these ways, we are focusing on providing support for the mental health of employees.

### ■ Employee Education

LINTEC has a Companywide training system based on rank, as human resource education programs tailored to years of continuous service and career. In addition, we are taking steps to promote the career advancement of employees, including theme-based training, such as legal training and Companywide information security training, as well as language training for the development of global human resources. We spend approximately ¥30 million per year on increasing the capabilities of employees and human resources development. In other initiatives, the Company's intranet offers e-learning programs to increase all our employees' understanding of topics such as the environment, product quality, the business continuity management system, compliance, and CSR.

## Zero Accident Culture

Safety is the top priority in LINTEC Group plants, which are operated with the aim of preempting injuries to personnel. We have formulated safety and hygiene policies in compliance with the ISO 45001 standard for occupational health and safety management systems, and our practices include risk assessment, which enables us to put safety standards in place; hazard prediction exercises; and the rigorous pursuit of our 5S\* activities through various types of safety patrol. Safety and hygiene committees hold monthly meetings at all our sites to enable us to ascertain progress in our safety activities and share information. In addition, we have held a safety conference for domestic plant safety officers for the exchange of information about each plant's initiatives. We will continue activities on multiple fronts in accordance with our zero accident culture.

\* 5S: Seiri (organizing), Seiton (clearing up), Seiso (cleaning), Seiketsu (cleanliness), and Shitsuke (discipline) in Japanese

### Achievement of Accident-Free Operations in the Fiscal Year Ended March 31, 2020

(April 1, 2019, to March 31, 2020)

Date achieved	Business site	Achievement
March 2020	Kumagaya Plant	No accidents in the year
	Research Center	Same as above
	Chiba Plant	Same as above
	Shingu Plant (including Niihama Plant)	Same as above
	Komatsushima Plant	Same as above

## Efforts toward Business Continuity

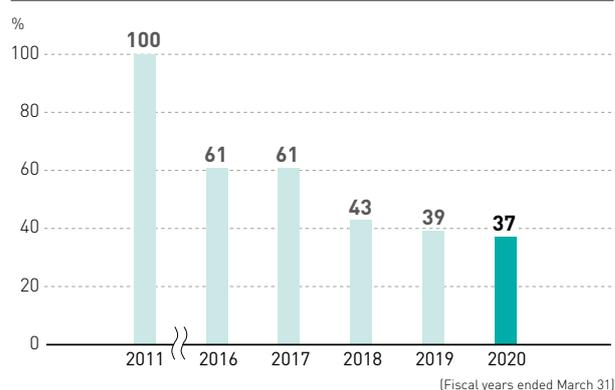
The Group is working to strengthen its systems that enable business operations to continue or restart quickly if struck by a disaster. All the Company's locations in Japan, subsidiaries TOKYO LINTEC KAKO, INC., and LINTEC SPECIALITY FILMS (TAIWAN), INC., have obtained certification under ISO 22301:2012, the international standard for business continuity management systems (BCMS). In relation to these systems, study meetings and drills are held at all sites so that, in the event of a natural disaster or accident that disrupts business operations, we can ensure the safety of our employees and then recommence the supply of products promptly, minimizing impact on our customers and other stakeholders. We also evaluate the business continuity

capabilities of suppliers of raw materials that are critical in securing stable supplies of our products. Additionally, we request that these suppliers introduce a business continuity plan and establish a system for implementing it on an organization-wide basis.

## Thorough Quality Management

The LINTEC Group is advancing the acquisition of certification under ISO 9001: 2015, an international standard for quality management systems (QMS). We are taking steps to further bolster our systems, such as unifying the previous quality assurance systems, which had been implemented by each business operation, into a single Group QMS. Furthermore, we are realizing rigorous quality management with daily inspections on the production front lines, and in addition we continually carry out employee education targeting the maintenance and enhancement of quality and the prevention of quality-related issues. This education is provided for people working in production or sales. Also, with the cooperation of raw materials producers, we are making sure to control quality issues resulting from materials by stabilizing the quality of procured materials. When comparing major quality incidents by year, the fiscal year ended March 31, 2011, is set as 100 in an index of major quality incidents, and we reduced the level of the index to 37 in the fiscal year ended March 31, 2020. We construct and actualize management systems that enable us to take swift action if a quality incident should occur, collecting information, analyzing causes, and work toward preventing recurrence. This framework is in place in Japan and overseas.

### Percentage of Quality Incidents versus FY2011



## Fair Transactions

The basic policy of the LINTEC Group is to conduct fair and transparent transactions with suppliers based on the principle of free competition. We conduct procurement activities in compliance with laws and social norms. In addition, we ask suppliers to consistently implement CSR activities from multiple perspectives, including respect for human rights, occupational health and safety,

information security, and corporate ethics. In the fiscal year ended March 31, 2020, we continued working to maintain and strengthen partnerships and to promote CSR procurement. Through the distribution of a questionnaire, we evaluated major suppliers in such areas as management, labor, service, quality, and the environment.

## Social Contribution Activities

Recognizing that it is a member of society and that society and local communities support it, the LINTEC Group returns some of the profits from corporate activities to society through various social contribution activities.

LINTEC conducts some support activities on an annual basis for people with disabilities living in Itabashi-ku, Tokyo, where the Company's head office is located. In September 2019, we held our 13th professional baseball-viewing event, inviting about 600 people to Tokyo Dome, including people with disabilities and their helpers as well as elementary school students from local youth baseball teams and their family members. In October 2019, we held a jazz concert as an event to deepen exchange through music without regard to disability status. About 550 people, including people with disabilities and members of the local community, enjoyed the event. We also organize blood drives, cooperate with local events, and support disaster area restoration efforts.

As well as head office activities, LINTEC engages in various social contribution activities rooted in local communities, such as cleaning up around each work site, participating in and supporting local festivals, and conducting plant tours. Overseas, our subsidiaries give donations to those in need of assistance, plant trees, and provide volunteers for a range of activities. The LINTEC Group will coexist with society by continuing to engage in social contribution activities as a good corporate citizen.



Jazz concerts deepen exchange with local communities



Mangrove planting activities in Indonesia

## Support for the Prevention of the Spread of COVID-19

LINTEC has implemented a variety of support activities for the prevention of the spread of COVID-19. Together with PRINTEC INC., a domestic subsidiary, we produced floor markings that call on people to maintain social distancing, and we provided about 600 of them to Itabashi-ku, Tokyo, where LINTEC's head office is located. To promote social distancing, these floor markings have been installed in front of counters at the Itabashi-ku main government building and other locations. In addition, we have also provided 3,000 stickers that indicate that food takeout is available, and these stickers have been used by restaurants, etc., in Itabashi-ku. Furthermore, with the cooperation of suppliers, we applied our technologies to the production of face shields, which we donated to Itabashi-ku. In this way, we contributed to reducing the burden on health care professionals.

Our overseas bases are also providing support to local communities. In response to a request from the local government, MADICO, INC., in the U.S., provided medical institutions in Florida with such items as masks, clean room suits and boot covers, and antiseptic solution. In addition, in response to a serious shortage of face shields, MADICO is producing face shields using its own film materials. These received an international certification, and a mass production system has been established. They are being used at local medical and educational institutions, nursing homes, and restaurants.



Floor markings installed in the Itabashi-ku main government building



Stickers used at restaurants in a local shopping district



# Governance

## Basic Philosophy

The Group believes that the fundamentals of corporate governance are to achieve thorough legal compliance, to increase management transparency and promote corporate ethics, and to make prompt decisions and effectively execute operations. By enhancing and reinforcing corporate governance, we aim to further increase our corporate value and joint profits with shareholders.

## Corporate Governance System

### 1 Corporate Governance System P52 Diagram A B

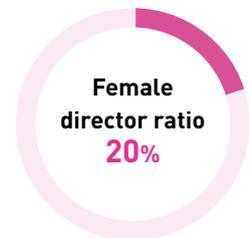
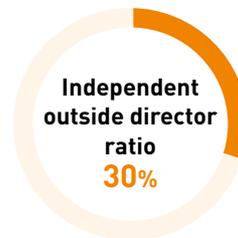
The Company has selected the Company with Audit & Supervisory Committee system described in the Companies Act of Japan for its organizational structure. The Company has placed directors that are also Audit & Supervisory Committee members with voting rights on its Board of Directors in order to strengthen the Board's supervisory function, with a view to stepping up corporate governance and to streamlining management even further. The Company has appointed 10 directors, of whom three are Audit & Supervisory Committee members and four are outside directors.

Held once a month to make important decisions with regard to management, Board of Directors' meetings are also held on an ad hoc basis as necessary to strive for rapid decision making. Primarily comprising executive officers (including directors serving concurrently) responsible for the execution of business, management meetings are also held once a month and endeavor to streamline business operations through the sharing of information among all business divisions.

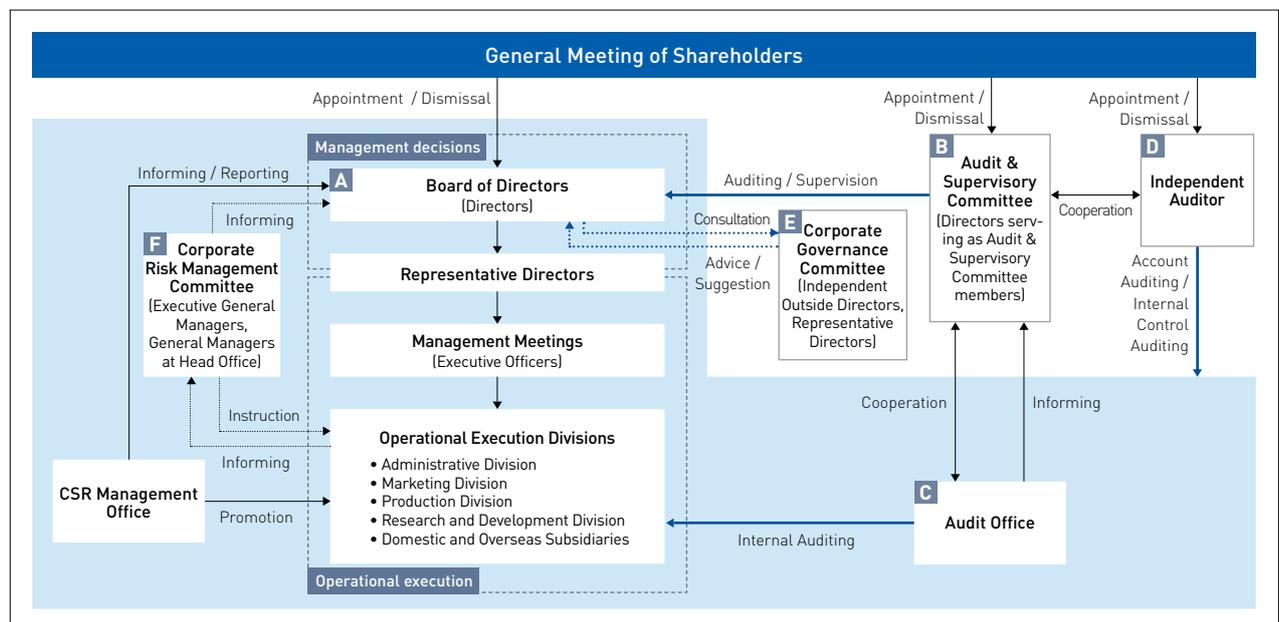
The Audit & Supervisory Committee meets once a month and conducts monitoring audits that focus on matters reported from the Audit Office, which is the Company's internal audit division. In addition to performing audits covering the appropriateness and legality of the execution of directors' duties, each and every Audit & Supervisory Committee member also plays a role in supervising the execution of the directors' duties through the exercise of the voting rights on the Board of Directors.

## Corporate Governance System

Organizational Structure	Company with Audit & Supervisory Committee
Number of Directors (Number of Outside Directors)	10 (4)
Number of Audit & Supervisory Committee Members (Number of Outside Directors)	3 (2)
Number of Independent Outside Directors	3
Directors' Term of Office	One year
Board of Directors' Meetings in FY2020	Number of meetings: 14
Adoption of an Executive Officer System	Yes
Takeover Defense Measures	None
Accounting Auditors	Ernst & Young ShinNihon LLC



## Corporate Governance Organization Chart



■ **Evaluation of the effectiveness of the Board of Directors**

In April 2020, the Company conducted an evaluation of the effectiveness of the Board of Directors. Details are as follows.  
 <<Overview>>

A survey regarding the evaluation of the effectiveness of the Company's Board of Directors was implemented through a questionnaire and open-ended questions, which were submitted to all directors. The representative directors analyzed and evaluated the results of this survey and identified issues. Consequently, the Board of Directors decided on a policy for matters that have been approved/implemented by the Board of Directors. Under this policy, progress will be confirmed and results verified, and the Board of Directors will shift to administration that utilizes the PDCA cycle.\* In addition, initiatives associated with these matters (enhancing explanations for certain proposals, etc.) were mentioned as issues for the responsible departments. Following these processes, the final evaluation of the effectiveness of the Board of Directors overall was received from the outside directors, who are independent directors of the Company. The outside directors stated that the survey questions and method were generally rational, that the functioning of the Board of Directors could be enhanced through the examination of measures for the following year based on survey responses, and that the identification of issues for the year under review was rational and appropriate. In addition, the outside directors also stated that these types of issues could be overcome through multiple initiatives within the Company,

that they were not issues that could always be resolved within one year, and that working toward the resolution of these issues through sustained examination/implementation was a means of addressing referrals from shareholders. Based on this evaluation, we will take further steps to maintain an environment that facilitates continued improvement in the effectiveness of the Board of Directors.

\* PDCA cycle: This approach continuously improves processes through the repetition of a cycle of activities comprising four phases: namely plan, do, check, and act.

■ **Director training policies**

(1) **New director training**

After assuming their position, new directors are provided training from outside institutions to endow them with the legal, accounting, and other knowledge necessary to management.

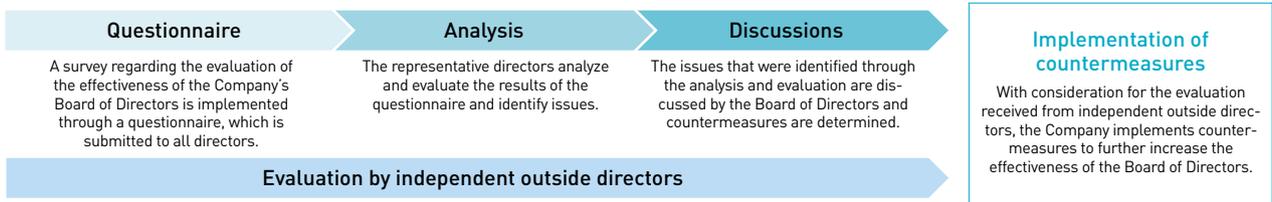
(2) **Regular training**

Once or twice a year, directors undergo training on contemporary issues from lawyers or other outside lecturers. These training sessions serve as opportunities to hone the sense of judgment that is crucial to members of the Board of Directors.

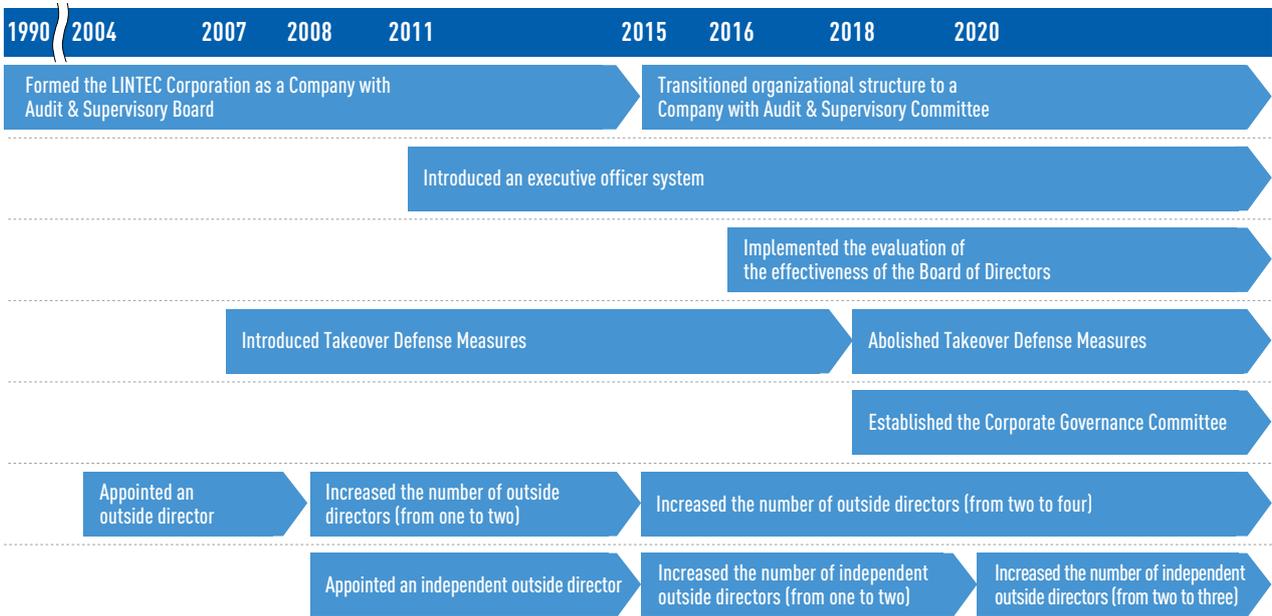
(3) **Special training**

When necessary, directors participate in seminars at the Company's expense to acquire the specialized insight required to perform their duties.

**Implementation Process for the Evaluation of the Effectiveness of the Board of Directors**



**History of Corporate Governance**



## 2 Internal Control System

The following is an explanation of the internal control system to ensure that the execution of directors' duties is in compliance with laws and regulations as well as the Articles of Incorporation, and the system to ensure the appropriateness of the execution of other business.

### ■ System to ensure that the execution of the duties of directors and employees is in compliance with laws and regulations as well as the Articles of Incorporation

To ensure that the execution of the duties of directors and employees is in compliance with laws and regulations as well as the Articles of Incorporation and that a sense of ethics is maintained, the Company established its motto of "Sincerity and Creativity," on which its Code of Conduct was based. To ensure the effectiveness of the compliance system with regard to laws and regulations as well as the Articles of Incorporation, the Audit Office—an organization under the president's direct supervision—investigates and verifies, by means of audits based on the Internal Audit Regulations, whether all of the Company's operations are being appropriately and reasonably implemented and pursuant to laws, the Articles of Incorporation, and internal rules and regulations. The results of those audits are regularly reported to the Board of Directors.

### ■ System for storing and managing information related to the execution of directors' duties

Documents are stored and managed in accordance with rules determined for each document type, including those documents stipulated by law.

### ■ Regulations and other systems pertaining to management of risks of loss

By promoting the issuance of manuals by division and facilitating their thorough use, the Company makes preemptive efforts to reduce or avoid risk. In the case of specific risks, the Company promotes reviews of and improvements to response measures as risks arise. For emergency situations, such as the occurrence of a disaster, the Company has established the LINTEC Group Crisis Management regulations, in addition to a BCMS, which is based on these regulations. These are separate from risk management initiatives conducted through normal operations, and we strive to ensure that a crisis management organization can be quickly established in the event of an emergency.

### ■ System to ensure that the execution of the duties of directors is efficiently conducted

In addition to setting out the duties for which directors are responsible for and that correspond to the allocation of roles of each organization, based on the Regulations on the Division of Duties, the Company works to separate management from execution and accelerate decision making by the introduction of an executive officer system. Moreover, the Company reviews internal organizations as necessary to be able to respond to environmental changes and works to maintain efficiency in the execution of the duties of

directors by such means as the setting up of cross-organizational committees on an as-required basis.

### ■ System to ensure the appropriateness of business in the corporate group comprising the Company and its subsidiaries

Based on the Affiliate Company Operational Regulations, the Company works to maintain the appropriateness of its operations as a Group entity by having each of its principal business divisions control the operations of Group companies. Based on the Affiliate Company Operational Regulations, the Company works to maintain a system for receiving corporate performance, risk, and other important reports from each Group company regularly or on an as-required basis. Providing business management and support from the appropriate division as necessary, the Company promotes management efficiency in each company. To ensure that Group companies are in compliance with laws and regulations as well as the Articles of Incorporation, audits are conducted by each company's internal audit system and by the Company's Audit Office.

### ■ Matters relating to the employees who are tasked to assist the duties of the Audit & Supervisory Committee, matters relating to the independence of said employees from directors, and matters relating to ensuring the effectiveness of Audit & Supervisory Committee instructions with respect to said employees

To further raise the effectiveness of Audit & Supervisory Committee audits and maintain a system to carry out audit duties more smoothly, the Company has established the Audit & Supervisory Committee secretariat, which supports and takes on Audit & Supervisory Committee duties. It is assumed that the Audit & Supervisory Committee's consent has to be obtained for transfers of personnel to the Audit & Supervisory Committee secretariat staff, personnel evaluations, and disciplinary action. The instructions and orders given to Audit & Supervisory Committee secretariat staff are also deemed to be given by directors serving as Audit & Supervisory Committee members. With regard to said instructions and orders received from Audit & Supervisory Committee members, with the exception of those instructions and orders that are not necessary for the duties of Audit & Supervisory Committee members, it is assumed that Audit & Supervisory Committee secretariat staff do not receive instructions and orders from directors or other employees.

### ■ System relating to the reporting of cases to the Audit & Supervisory Committee and system for ensuring that the submitting of such reports is not seen as reason enough for the person who submitted them to be subjected to disadvantageous treatment

With regard to cases that are likely to significantly damage the Company or a Group company, such as violations of laws or regulations, all Group directors and employees are to report such cases to the Company's Audit & Supervisory Committee. In addition, it is deemed that the Audit & Supervisory Committee will be able to directly demand business-related reports for all Group directors and employees. Under the Company's Internal Reporting System Operation Regulations and its Global Internal Reporting System

Regulations, the Company has established a helpline that can be used by all Group directors and employees and endeavors to maintain a system to ensure that the submitting of such reports is not seen as reason enough for the person who submitted said notification or report to be subjected to disadvantageous treatment. In the event of an internal notification via the helpline, this will be reported to the Audit & Supervisory Committee.

#### ■ Matters concerning policy relating to the handling of costs or liabilities arising from the execution of duties of Audit & Supervisory Committee members

When an Audit & Supervisory Committee member invoices the Company for the prepayment or redemption of expenses incurred for the execution of their duties, said costs or liabilities will be promptly handled following discussions in the department responsible, with the exception of cases in which said costs have been recognized as being not necessary for the execution of said Audit & Supervisory Committee member's duties. In addition, should Audit & Supervisory Committee members deem that independent outside experts (such as lawyers, certified public accountants, etc.) are necessary as advisers to the Audit & Supervisory Committee, the Company will bear those costs, with the exception of cases in which said costs have been recognized as being not necessary for the execution of said Audit & Supervisory Committee's duties.

#### ■ Other systems for ensuring that the Audit & Supervisory Committee carries out audits effectively

With a view to ensuring a system so that Company information reaches the Audit & Supervisory Committee unhindered, the Company works to maintain an environment in which information is received not only from directors (excluding directors serving as Audit & Supervisory Committee members) and from employees but also from independent auditors, corporate lawyers, tax accountants, and other specialists. The Company has a system in place to ensure regular meetings with representative directors and venues for important discussions, such as management and strategy meetings, for Audit & Supervisory Committee members to attend and state opinions.

### 3 Basic Policies and Systems for Preventing Relationships with Antisocial Forces

The Company stands in firm opposition to all antisocial forces and organizations that threaten to disrupt the order and safety of civil society while practicing a strict policy of non-association with such entities. We have made this commitment clearly apparent in the LINTEC Compliance Guidelines and are taking steps to ensure thorough awareness with this regard among all directors and employees.

We reject any illegitimate requests from antisocial forces and organizations and maintain close collaborative relationships with the police, centers for the removal of criminal organizations, lawyers, and other specialists to combat such requests. Should we be approached by antisocial forces or organizations, we will closely coordinate with such institutions, organizations, lawyers, or other specialists to furnish a quick, organization-wide response.

### 4 Risk Management System

The Company has established the LINTEC Group Crisis Management Regulations as well as a risk management system for minimizing the possible impact and damage to corporate value if a major problem arises. It has also implemented and oversees the Information Security Management Rules and the Trade Secret Management Rules for the preservation and management of information. There are also Companywide risk assessments centered on the Corporate Risk Management Committee.

### 5 Limited Liability Contracts

In accordance with Article 427, Paragraph 1 of the Companies Act, the Company has entered into a contract with each of its nonexecutive directors—outside directors Hiroya Kakehashi, Akiko Okushima, Satoshi Ohoka, and Kanako Osawa—that limits liability for compensation for damages under Article 423, Paragraph 1 of the Companies Act. Based on this contract, liability for compensation for damages is limited to ¥10 million or the minimum liability amount stipulated by law, whichever is greater.

### 6 Number of Members of the Board of Directors

The Company's Articles of Incorporation state that the number of members of the Board of Directors (excluding Audit & Supervisory Committee members) shall be 12 or fewer and that the number of directors who are Audit & Supervisory Committee members shall be 4 or fewer.

### 7 Requirements for Appointment of Directors

The Company's Articles of Incorporation state that resolutions to appoint directors may be adopted by a majority of the voting rights of the shareholders in attendance if those shareholders hold one-third or more of the voting rights of the shareholders who can exercise their voting rights.

### 8 General Meeting of Shareholders Resolution Matters that may be Resolved by the Board of Directors

To support rapid responses to changes in the management environment and flexible execution of various management measures, in regard to matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act, such as dividends from surplus, etc., excluding cases in which there are special legal stipulations, the Articles of Incorporation state that these matters may be decided by resolution of the Board of Directors.

### 9 Special Resolution Requirements for General Meeting of Shareholders

With the objective of enabling the smooth operation of the General Meeting of Shareholders, the Company's Articles of Incorporation state that in regard to special resolution requirements for shareholders' meetings, as stipulated in Article 309, Paragraph 2 of the Companies Act, such resolutions may be adopted by at least two-thirds of the voting rights of the shareholders in attendance if those shareholders hold one-third or more of the voting rights of the shareholders who can exercise their voting rights.

## ■ Status of Outside Directors

### ① Outside Directors

The Company has appointed four outside directors—Hiroya Kakehashi, Akiko Okushima, Satoshi Ohoka, and Kanako Osawa. Two of these outside directors—Satoshi Ohoka and Kanako Osawa—are Audit & Supervisory Committee members.

Name	Human, Financial, and Business Relationships and Other Shared Interests between the Outside Directors and the Company	Reason for Appointment
Hiroya Kakehashi	There are no particular shared interests between the Company and Hiroya Kakehashi, but Nippon Paper Industries Co., Ltd., where he serves as General Manager, Corporate Planning Division, is a major trading partner of the Company, which purchased ¥2,010 million worth of raw materials from and sold ¥90 million worth of products to Nippon Paper (both results from the fiscal year ended March 31, 2020). In addition, Nippon Paper is a major shareholder in the Company; its holding amounted to 21,737,792 shares (30.08% of the total number of Company shares outstanding excluding treasury stock) on March 31, 2020.	By utilizing knowledge and experience from many years of work in the management divisions at Nippon Paper Industries Co., Ltd., Hiroya Kakehashi is able to strengthen the Company's Board of Directors' supervisory function. Therefore, he has been appointed as an outside director.
Akiko Okushima	There are no particular shared interests between the Company and Akiko Okushima.	By utilizing her extensive knowledge in the field of marketing, and her know-how and experience gained through many years of work in a different industry from that of the Company as Representative Director and President, Akiko Okushima is able to strengthen the Company's Board of Directors' supervisory function. Therefore, she has been appointed as an outside director. She is also designated as an independent officer based on the criteria stipulated by the Tokyo Stock Exchange, Inc. (TSE).
Satoshi Ohoka	There are no particular shared interests between the Company and Satoshi Ohoka.	By utilizing his long years of policy-based finance experience, his rich international experience, his specialist academic experience, and his knowledge and experience gained as an outside director in industries different to that of the Company, Satoshi Ohoka is able to strengthen the audit and supervisory functions of the Company's Board of Directors. Therefore, he has been appointed as a director serving as an Audit & Supervisory Committee member. He is also designated as an independent officer based on the criteria stipulated by the TSE.
Kanako Osawa	There are no particular shared interests between the Company and Kanako Osawa.	By utilizing her specialist expertise and extensive knowledge gained as an attorney, along with the knowledge and experience gained through her career in corporate legal affairs both at home and abroad, Kanako Osawa is able to strengthen the audit and supervisory functions of the Company's Board of Directors. Therefore, she has been appointed as a director serving as an Audit & Supervisory Committee member. She is also designated as an independent officer based on the criteria stipulated by the TSE.

### ② The Company's Basic Way of Thinking with Regard to the Independence of Outside Directors

The Company does not have its own set standards and policies with regard to the independence of outside directors and refers instead to the standards stipulated by the TSE. Since appointment is based on a request from the Company, we recognize that independence from management is to be ensured.

### ③ Status of Outside Directors' Supervision

In addition to attending Board of Directors' meetings and making necessary and effective remarks as appropriate during agenda deliberations, outside directors attend meetings of the Internal Control Committee and oversee directors in the execution of their duties.

## ■ Status of Audits

### ① Status of Audit & Supervisory Committee Audits

The Company's Audit & Supervisory Committee comprises three directors serving as Audit & Supervisory Committee members, of whom two are outside directors. While utilizing the internal control system, the Audit & Supervisory Committee cooperates with the Audit Office and the independent auditor, receives the necessary reports, and conducts audits of the directors' business execution through such methods as exchanges of opinions. Each Audit & Supervisory Committee member attends management and other meetings, obtains the information needed for the audits, attends Board of Directors' meetings as a director, and supervises the directors in the execution of their duties by stating opinions and participating in resolutions through their voting rights. Audit & Supervisory Committee member Hiroshi Okada has considerable knowledge of finance and accounting, having gained many years of experience in his roles at the Company's administrative and audit divisions. In the fiscal year under review, the Audit & Supervisory Committee met, in principle, one time per month. The attendance of each Audit & Supervisory Committee member is as follows.

Name	Total number of meetings	Number of meetings attended
Hiroshi Okada	13	13
Satoshi Ohoka	13	13
Kanako Osawa	13	13

The principal matters audited by the Audit & Supervisory Committee include the following: (1) in regard to the performance of directors, whether or not there are important cases of wrongdoing or violations of laws, regulations, or the Articles of Incorporation; (2) whether or not the details of the Board of Directors' discussions regarding the internal control system, and the status of the establishment/operation of the internal control system, are reasonable; (3) whether or not the business reports, settlement related documents, etc., are in accordance with laws, regulations and the Articles of Incorporation and accurately show the Company's circumstances; (4) whether or not the independent auditor's audit methods and results are reasonable; and (5) whether or not a system to secure the proper execution of the duties of the independent auditor has been established. At the end of the period, the committee prepares an audit report that describes the audit methods and details as well as the audit results. In addition, the activities of the full-time Audit &

Supervisory Committee member include conducting Audit & Supervisory Committee audits of the head office, work sites, subsidiaries, etc., which are implemented in combination with the Audit Office's internal audits; holding liaison meetings with the auditors of domestic and overseas subsidiaries; and sharing this information at meetings of the Audit & Supervisory Committee.

## 2 Status of Internal Audits P52 Diagram

The Company has established the Audit Office as an internal auditing unit. The Audit Office regularly implements internal audits of divisions, work sites, plants, and affiliated subsidiaries in addition to verifying that operational execution processes and results comply with the law and internal regulations. The Audit Office has the central role in audits in such areas as quality and the environment, which are implemented in collaboration with the supervising division. The Audit & Supervisory Committee receives reports in advance from the Audit Office regarding overviews of internal audit plans and audit items. Following the implementation of internal audits, the Audit & Supervisory Committee receives reports about all of the audit results and evaluations. In addition, the full-time Audit & Supervisory Committee member and the general manager of the Audit Office maintain close communications, including holding monthly liaison meetings to exchange opinions and information.

## Director Diversity

The following table shows the fields in which each director is expected to make an especially strong contribution.

Name	Attribute	Corporate management, management strategy, SDGs	Production, technology, research, IT	Sales, marketing	Finance, accounting, capital policy, M&A	Audit	Human resources, labor, human resource development	Legal affairs, risk management	Global experience	Knowledge of other business
Akihiko Ouchi		●	●	●	●				●	
Makoto Hattori		●	●	●	●				●	
Gohei Kawamura		●	●	●					●	
Tsunetoshi Mochizuki		●					●	●		
Takeshi Kaiya		●		●					●	
Hiroya Kakehashi	Outside Director	●			●					●
Akiko Okushima	Independent Director Outside Director	●	●	●					●	●
Hiroshi Okada					●	●	●			
Satoshi Ohoka	Independent Director Outside Director	●			●	●			●	●
Kanako Osawa	Independent Director Outside Director				●	●		●	●	●

\* The above table does not indicate all of the knowledge of each director.

### 3 Status of Accounting Audits P52 Diagram D

#### ■ Name of audit firm

Ernst & Young ShinNihon LLC

#### ■ Continuous period for which the independent auditor has performed audits

Since 1981

#### ■ Selection policy and reason for audit firm

Each period, the Audit & Supervisory Committee conducts an evaluation in accordance with the standards for evaluation and selection of the independent auditor. The independent auditor is selected based on a comprehensive assessment of the independent auditor's independence, internal control system, audit plans, audit methods and results, and the status of execution of audit duties.

The Audit & Supervisory Committee may dismiss the independent auditor in any of the cases stipulated in Article 340, Paragraph 1 of the Companies Act, based on the agreement of all Audit & Supervisory Committee members. In that event, an Audit & Supervisory Committee member selected by the Audit & Supervisory Committee will provide a report of the dismissal and the reason for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

In addition, in the event that the Audit & Supervisory Committee, with consideration for the status of the implementation of the independent auditor's duties, the Company's audit system, etc., determines that it is necessary to change the independent auditor, then the Audit & Supervisory Committee may decide the details of a proposal to the General Meeting of Shareholders concerning the dismissal or non-reappointment of the independent auditor.

#### ■ Evaluation of the audit firm by the Audit & Supervisory Committee

In accordance with the standards for evaluation and selection of the independent auditor, the Audit & Supervisory Committee will conduct evaluations from the perspective of the audit firm's quality control; audit team; audit compensation, etc.; communications with the Audit & Supervisory Committee; relationship with senior executives, etc.; Group audits, and misconduct risk.

### 4 Details of Audit Remuneration, Etc.

#### ■ Remuneration of the independent auditor, etc.

(Millions of yen)

Category	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Remuneration for audit services	Remuneration for non-audit services	Remuneration for audit services	Remuneration for non-audit services
LINTEC	88	0	88	0
Consolidated subsidiaries	-	-	-	-
Total	88	0	88	0

Note: The non-audit services provided to the Company in the previous fiscal year and the fiscal year under review were officer training.

#### ■ Remuneration to the same network (Ernst & Young) as the independent auditor, etc. (excluding remuneration of the independent auditor, etc.)

(Millions of yen)

Category	Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020	
	Remuneration for audit services	Remuneration for non-audit services	Remuneration for audit services	Remuneration for non-audit services
LINTEC	-	-	-	-
Consolidated subsidiaries	26	11	34	16
Total	26	11	34	16

Note: The non-audit services provided to consolidated subsidiaries in the previous fiscal year and the fiscal year under review were tax-related advisory services, etc.

#### ■ Details of remuneration for other material audit services

Not applicable

## Remuneration of Corporate Officers

### 1 Policy Regarding Decisions on Amounts of Director Remuneration

#### ■ Remuneration of directors (excluding outside directors and Audit & Supervisory Committee members)

The remuneration of the Company's directors (excluding outside directors and Audit & Supervisory Committee members) consists of the following.

##### (1) Basic remuneration

- Fixed amounts paid based on rank
- The total amount paid does not exceed ¥420 million

##### (2) Bonuses

- Short-term incentives (remuneration linked to business performance) paid in amounts adjusted based on consolidated business results, the total amount paid not exceeding ¥150 million

##### (3) Restricted stocks

- Long-term incentives to contribute to increasing the Company's corporate value and share price provided by the allotment of restricted stocks
- The total amount paid does not exceed ¥60 million

The amounts of remuneration are decided by the Board of Directors in accordance with the Company's internal rules on director remuneration, within totals approved at the 124th Annual General Meeting of Shareholders held on June 21, 2018.

The Corporate Governance Committee has been established as an advisory body for the Board of Directors (excluding Audit & Supervisory Committee members) on matters regarding evaluations of directors and decisions on remuneration for directors with the aim of improving objectivity and transparency. This body provides advice and makes suggestions. P52 Diagram E

#### ■ Remuneration of outside directors (excluding Audit & Supervisory Committee members)

This is decided by the Board of Directors in accordance with the Company's internal rules on director remuneration and within totals approved at the General Meeting of Shareholders.

## ■ Remuneration of directors

### (Audit & Supervisory Committee members)

This is decided through deliberations by the Audit & Supervisory Committee members, in accordance with the Company's internal rules on director remuneration and within totals approved at the General Meeting of Shareholders.

### Remuneration System for Directors (excluding outside directors and Audit & Supervisory Committee members)

Basic remuneration	Bonuses	Restricted stocks
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### Remuneration System for Outside Directors (excluding Audit & Supervisory Committee members)

Basic remuneration
--------------------

### Remuneration System for Directors (Audit & Supervisory Committee members)

Basic remuneration
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## 2 Total Remuneration by Corporate Officer Type

(Millions of yen)

Corporate officer type	Total remuneration	Total remuneration by type			Number of people receiving remuneration
		Basic remuneration	Restricted stocks	Bonuses	
Directors (excluding Audit & Supervisory Committee members and outside directors)	361	266	33	62	10
Directors (Audit & Supervisory Committee members) (excluding outside directors)	19	19	-	-	1
Outside officers	21	21	-	-	6

## ■ Policy on Holdings of Capital Tie-Up Shares

The Company views the establishment and maintenance of stable, long-term relationships with business partners as a matter of importance. For this reason, shares of business partners are held strategically based on a comprehensive evaluation of factors such as the Company's business relationship with the partner in question. The Company only acquires such shares when increasing trust and coordination with the business partner is judged as an effective means of mutually raising corporate value. These holdings are reviewed based on this perspective when necessary, and consideration is given to reducing them. In exercising voting rights, in regard to proposals made by business partners, the Company comprehensively considers whether or not a proposal will contribute to improved shareholder value.

## ■ Stockholdings

### 1 Criteria for and Approach to the Classification of Investment Shares

The Company classifies investment stocks held with the objective of receiving profits through stock price fluctuations or stock-related dividends as stocks held for pure investment purposes, and other

stocks as investment stocks held for purposes other than pure investment (Capital Tie-Up Shares).

## 2 Stocks Held for Purposes other than Pure Investment

### ■ Number of issues and amount recorded on balance sheet

(Millions of yen)

	Number of issues (issues)	Total amount recorded on balance sheet
Unlisted shares	15	60
Shares other than unlisted shares	25	1,195

### ■ Information related to number of shares, amount recorded on balance sheet, etc., for specified investment shares and deemed shareholdings, by issue

#### Specified investment shares (top 10 issues)

(Millions of yen)

Issue	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2019	Purpose of holding, quantitative effects of holding, and reasons for increase in the number of shares	Whether or not investee holds shares of the Company
	Number of shares (shares)	Number of shares (shares)		
	Amount recorded on balance sheet	Amount recorded on balance sheet		
	1,160,000	1,160,000		
Toray Industries, Inc.	544	820	To maintain and strengthen business relationships	Yes
Fujipream Corporation	936,000	936,000	Same as above	No
	184	270		
IMURA ENVELOPE CO., INC.	200,000	100,000	Same as above*1	Yes
	111	65		
Mitsubishi UFJ Financial Group, Inc.	159,710	159,710	Same as above	Yes
	64	87		
KING JIM CO., LTD.	76,630	76,630	Same as above	Yes
	63	66		
Soken Chemical & Engineering Co., Ltd.	35,100	35,100	Same as above	Yes
	34	56		
ASAHI PRINTING CO., LTD.	34,009	30,430	Same as above*2	No
	31	33		
Arisawa Mfg. Co., Ltd.	35,431	35,431	Same as above	No
	28	28		
OZU CORPORATION	16,553	16,123	Same as above*2	No
	28	31		
Mizuho Financial Group, Inc.	206,950	206,950	Same as above	Yes
	25	35		

\*1 The reason for the increase in the number of shares was to further strengthen sales transaction relationships.

\*2 The reason for the increase in the number of shares was the acquisition of shares through the company's stock ownership association.

## ■ Takeover Defense Measures

The Company has not introduced takeover defense measures. However, in regard to persons who are engaging in or aim to engage in a large-scale purchase of the Company's stock, the Company will act from the perspective of securing its corporate value and the common interests of its shareholders. From that perspective, the Company will request that persons who are engaging in or aim to engage in a large-scale purchase provide

necessary and sufficient information to allow the shareholders to appropriately determine the pros and cons of the large-scale purchase in accordance with relevant laws and regulations. At the same time, the Company will disclose the opinions of the Board of Directors and endeavor to secure necessary time and information for the shareholders to consider such large-scale purchase. Further, if it is rationally judged that there is a risk of damage to the Company's corporate value and the common interests of shareholders unless timely defensive measures are implemented to address a large-scale purchase, the Company will endeavor to secure its corporate value and the common interests of its shareholders, as an obvious obligation of the Board of Directors entrusted with management of the Company by its shareholders, by promptly deciding the content of the concrete measures deemed most appropriate at the time in accordance with the relevant laws and regulations and executing such measures.

### Shareholder Interactions

The Company seeks to engage in constructive interactions with shareholders and other investors that contribute to sustainable growth and medium- to long-term improvements in corporate value. The Company has established an investor relations (IR) activity system and advances proactive initiatives based on the following policies to facilitate this endeavor.

- (1) The officer responsible for IR implements and oversees the Company's various IR activities, including individual meetings with shareholders and investors. In regard to responses to requests for individual meetings, members of senior management or directors will meet with shareholders or investors requesting meetings based, whenever appropriate, on the desires and interests of the requester.
- (2) The Public Relations Office, Finance & Accounting Dept., General Affairs & Legal Dept., and Corporate Strategic Office will play a central role in advancing the Company's various IR activities. Relevant divisions pursue close coordination with these offices and departments, exchanging information on a daily basis and meeting with members of senior management as appropriate to share necessary information.
- (3) In addition to individual meetings, the Company's IR activities include regular briefings on financial results and medium-term business plans, visits to overseas investors, participation in IR conferences at which overseas investors gather, facility tours, business explanatory forums, and Company briefings for individual investors. We seek to expand the range of information provided to domestic and overseas shareholders and other investors by publishing shareholder newsletters and integrated reports and posting information in the IR section of our corporate website. At the same time, we collect feedback from a wide range of shareholders and other

investors through surveys that are attached to shareholder newsletters and made available on the IR website.

- (4) Opinions and concerns of shareholders and other investors solicited through IR activities are relayed to management by the relevant divisions via quarterly business reports at the Board of Directors' meetings or reported appropriately to management on an as-required basis.
- (5) In interactions with shareholders and other investors, we practice stringent management of information in accordance with the internal Insider Trading Prevention Regulations to ensure that insider information is not disclosed. In addition, the Company's disclosure policy stipulates that we will observe a quiet period that begins approximately one month prior to the announcement of quarterly financial results to avoid leaks of financial results and to maintain fairness. During this period, we will not answer questions or make comments on our financial results and forecasts.

### Operating Risks P52 Diagram

The Group is working to identify and prevent the occurrence of Groupwide risks and to establish an action-based approach to seizing and leveraging opportunities. To that end, the Group has set up the Corporate Risk Management Committee, which is advancing the construction of a Groupwide risk management system. With the aim of establishing a risk management system for the entire Group, this committee has responsibility for system construction, management, and operation, and the committee is continually implementing improvement activities. Major risks that could affect the Group's operating results, etc., include the following. This summary provides examples of major risks that are anticipated, but it does not include all risks. Forward-looking items in the text are judgments as of March 31, 2020.

#### 1 Risks of Changes in Economic Conditions and Market Environments

The Group's operations include development in a wide range of industries, and accordingly domestic and overseas economic conditions and market environments affect the Group's operations directly and indirectly. In Japan, markets are contracting due to a declining birthrate and an aging population, as well as a decreasing population, and the Group's business results could be affected. However, going forward the Group will work to discover new demand, increase its market share in existing businesses, and create new markets. Furthermore, global trends in the electronics industry affect the electronics and optical products businesses, and accordingly future trends in this industry could affect the Group's business results.

Uncertainty about the future has increased due to the effect on business activities of the worldwide spread of COVID-19, which surfaced at the beginning of 2020, and the presence of multiple

related risks; etc. For the first and second quarters of the fiscal year ending March 31, 2021, the Group is forecasting declines in orders, etc., due to a worsening demand environment in a variety of business fields. The Group's assumption is that business activities will start to return to normal from the third quarter. However, if the influence of the infectious disease lengthens, the Group's business environment and operating results could be affected.

## 2 Risks of Changes in Selling Prices

Due to intense competition in both the domestic and overseas markets in which the Group operates, the Group may be unable to maintain selling prices to preserve sufficient earnings or sales share. The Group will work to maintain its market share by achieving differentiation from its competition and refining customer services, and to secure profits by reducing costs. However, if these initiatives are difficult, then the Group's business results could be affected.

## 3 Risk of Changes in Raw Material Prices

The Group uses a large quantity of pulp for paper and petrochemical products as raw materials and fuel. The prices of these materials and fuels fluctuate in accordance with market conditions, such as inventories and the supply-demand balance. The Group purchases raw materials in light of careful monitoring of market trends. However, a dramatic change in raw material prices could affect the Group's business results.

## 4 Risks Related to Overseas Operations

The Group conducts manufacturing and business operations in markets worldwide. In the fiscal year ended March 31, 2020, the overseas sales ratio was 49.4%. In the countries where the Group conducts manufacturing or business operations, the following events could hinder the Group's overseas business activities and affect the Group's business results: political instability or a deterioration in security due to such factors as terrorism, a political change, or a coup d'état; labor disputes involving employees; infectious diseases; and unpredictable changes in laws and regulations, such as those involving tax systems, foreign exchange, or customs clearance; etc. In addition, the risk of foreign exchange rate fluctuations has increased. The Group is focusing on trends in the U.S. dollar and in major Asian currencies, such as the Korean won, Chinese yuan, and Taiwan dollar. The Group is also working to reduce risk through the use of forward exchange contracts, etc. However, the Group's business results could be affected by fluctuations in foreign exchange rates that exceed expectations.

## 5 New Product Development

The Group pursues R&D activities with a view to realizing comprehensive technological capabilities that cater to market

demand and bringing to market competitive, high-value-added products. Accordingly, the Group is stepping up allocations of management resources to increase its number of researchers and to pursue such initiatives as joint research with other companies and academic institutions. However, there is no guarantee that such investment of management resources in R&D will result in the development of new products or increase operating income. Due to such factors as extended development periods, it could become necessary to discontinue development, and if product development costs cannot be recovered, it could affect the Group's business results.

## 6 Intellectual Property Rights

The Group takes necessary measures to protect intellectual property rights in Japan and overseas for various original production technologies that it has developed. However, legal measures alone do not provide complete protection, possibly preventing the Group from effectively protecting the rights it has obtained. Furthermore, in the event that a lawsuit is filed by a third party regarding intellectual property rights infringement associated with the Group's products, the Group's business results could be affected.

## 7 Significant Lawsuits

In conducting business in Japan and overseas, the Group may be subject to lawsuits or other claims related to product liability, environmental, or intellectual property rights issues. Lawsuits or claims, depending on their content, could affect the Group's business results.

## 8 Legal and Regulatory Systems

In the countries in which it conducts business operations, the Group is subject to various legal and regulatory systems, and as such is working to ensure rigorous compliance with these systems. In the event that the systems are strengthened or changed, the Group's business activities could be restricted or the Group's business results could be affected.

## Corporate Officers As of June 22, 2020

### Representative Director, Chairman and CEO

**Akihiko Ouchi** [Date of Birth: Jan. 2, 1945]



Mar. 1967 Joined the Company  
 Apr. 1994 Manager, Nagoya Branch Office  
 Jun. 2000 Director, Plant Manager, Tatsuno Plant, Production Div.  
 Jun. 2004 Representative Director, President  
 Apr. 2014 Representative Director, Chairman and CEO (current position)

**Attendance to the meetings of the Board of Directors:**  
 14/14 meetings (FY2020)

### Representative Director, President, CEO and COO

**Makoto Hattori** [Date of Birth: Oct. 12, 1957]



Apr. 1980 Joined the Company  
 Apr. 2014 Executive Officer, Executive General Manager, Advanced Materials Operations, Business Administration Div.  
 Jun. 2015 Director, Executive Officer, Executive General Manager, Advanced Materials Operations, Business Administration Div.  
 Apr. 2017 Director, Managing Executive Officer, Executive General Manager, Business Administration Div.  
 Apr. 2020 Representative Director, President, CEO and COO (current position)

**Attendance to the meetings of the Board of Directors:**  
 14/14 meetings (FY2020)

### Director, Senior Managing Executive Officer

**Gohei Kawamura** [Date of Birth: Jan. 12, 1956]



Apr. 1979 Joined the Company  
 Jun. 2011 Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)  
 Jun. 2015 Director, Managing Executive Officer, Chairman and President, LINTEC (SUZHOU) TECH CORPORATION (seconded)  
 Apr. 2017 Director, Managing Executive Officer, Executive General Manager, Production Div., and in charge of Quality Assurance & Environmental Protection Div.  
 Apr. 2020 Director, Senior Managing Executive Officer, Executive General Manager, Production Div., and in charge of Quality Assurance & Environmental Protection Div. (current position)

**Attendance to the meetings of the Board of Directors:**  
 14/14 meetings (FY2020)

### Director, Senior Managing Executive Officer

**Tsunetoshi Mochizuki** [Date of Birth: May 12, 1958]



Jan. 1983 Joined the Company  
 Jun. 2011 Executive Officer, Executive General Manager, General Affairs & Human Resources Div., General Manager, General Affairs & Legal Dept. and Human Resources Dept.  
 Jun. 2015 Director, Managing Executive Officer, Executive General Manager, General Affairs & Human Resources Div.  
 Apr. 2020 Director, Senior Managing Executive Officer, Executive General Manager, General Affairs & Human Resources Div. (current position)

**Attendance to the meetings of the Board of Directors:**  
 14/14 meetings (FY2020)

### Director, Managing Executive Officer

**Takeshi Kaiya** [Date of Birth: Nov. 19, 1961]



Apr. 1984 Joined the Company  
 Apr. 2017 Executive Officer, Executive General Manager, Advanced Materials Operations, Business Administration Div.  
 Apr. 2020 Managing Executive Officer, Executive General Manager, Business Administration Div.  
 Jun. 2020 Director, Managing Executive Officer, Executive General Manager, Business Administration Div. (current position)

**Attendance to the meetings of the Board of Directors:**  
 — (Newly appointed)

### Outside Director

**Hiroya Kakehashi** [Date of Birth: March 12, 1968]



Apr. 1990 Joined Daishowa Paper Products Co., Ltd.  
 Oct. 2019 Deputy General Manager, Corporate Planning Div., General Manager, Corporate Planning Dept., Nippon Paper Industries Co., Ltd. (current position)  
 Jun. 2020 Outside Director of the Company (current position)

**Attendance to the meetings of the Board of Directors:**  
 — (Newly appointed)

### Outside Director

**Akiko Okushima** [Date of Birth: Feb. 1, 1958]

Independent Director



Apr. 1981 Joined IBM Japan, Ltd.  
 Mar. 2001 Representative Director and President, JBtoB CO., LTD. (current position)  
 Jun. 2020 Outside Director of the Company (current position)

**Attendance to the meetings of the Board of Directors:**  
 — (Newly appointed)

### Director / Audit & Supervisory Committee Member

**Hiroshi Okada** [Date of Birth: Aug. 25, 1954]



Apr. 1979 Joined the Company  
 Oct. 2012 General Manager, Audit Office  
 Jun. 2017 Director / Audit & Supervisory Committee Member (current position)

**Attendance to the meetings of the Board of Directors:**  
 14/14 meetings (FY2020)

**Attendance to the meetings of the Audit and Supervisory Committee:**  
 13/13 meetings (FY2020)

**Outside Director / Audit & Supervisory Committee Member****Satoshi Ohoka** (Date of Birth: Apr. 24, 1951) **Independent Director**

Apr. 1975 Joined Japan Development Bank  
 Apr. 2003 Lecturer, Chuo University, Graduate School of Commerce (current position)  
 Jun. 2006 Outside Director, Ryobi Limited (current position)  
 Jun. 2012 Outside Director of the Company  
 Jun. 2015 Outside Director / Audit & Supervisory Committee Member of the Company (current position)

**Attendance to the meetings of the Board of Directors:**  
**14/14 meetings (FY2020)**

**Attendance to the meetings of the Audit and Supervisory Committee:**  
**13/13 meetings (FY2020)**

**Outside Director / Audit & Supervisory Committee Member****Kanako Osawa** (Date of Birth: Dec. 22, 1970) **Independent Director**

Apr. 1998 Certified as an Attorney, joined Kajitani Law Offices (to present)  
 Oct. 2005 Admitted to practice law in the State of New York, the U.S.  
 Jun. 2015 Outside Director / Audit & Supervisory Committee Member of the Company (current position)

**Attendance to the meetings of the Board of Directors:**  
**14/14 meetings (FY2020)**

**Attendance to the meetings of the Audit and Supervisory Committee:**  
**13/13 meetings (FY2020)**

**Managing Executive Officers****Shuji Morikawa**

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

**Takehiko Wakasa**

Deputy Executive General Manager, Production Div. and Plant Manager, Tatsuno Plant

**Junichi Nishikawa**

Deputy Executive General Manager, Production Div. and Plant Manager, Kumagaya Plant

**Senior Executive Officers****Toru Onishi**

Plant Manager, Mishima Plant, Production Div.

**Shigeru Uematsu**

General Manager, Public Relations Office

**Sumio Morimoto**

President, LINTEC ASIA PACIFIC REGIONAL HEADQUARTERS PRIVATE LIMITED

**Toshimi Sugaya**

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

**Kinya Mochida**

Deputy Executive General Manager, Business Administration Div. and Executive General Manager, Advanced Materials Operations, and Manager, QMS Management Office and General Manager, Business Planning Dept.

**Norio Murata**

Executive General Manager, Osaka Branch Office, Business Administration Div., and in charge of Western Japan

**Yutaka Iwasaki**

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

**Tatsuya Tsukida**

Executive General Manager, Procurement Div. and General Manager, Strategic Procurement Dept.

**Masaaki Yoshitake**

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

**Executive Officers****Masahiro Oshima**

President, LINTEC USA HOLDING, INC.

**Yoichi Shibano**

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

**Satoru Shoshi**

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

**Hideo Senoo**

Deputy Executive General Manager, Research & Development Div. and General Manager, Research Center

**Hiroyuki Matsuo**

Plant Manager, Agatsuma Plant, Production Div.

**Naoshi Nishikado**

General Manager, Corporate Strategic Office

**Yoshihisa Mineura**

Executive General Manager, Research & Development Div.

# Messages from Independent Outside Directors

At the General Meeting of Shareholders held in June 2020, Akiko Okushima became a new director. Together with Audit & Supervisory Committee members Satoshi Ohoka and Kanako Osawa, who were reelected at the previous year’s General Meeting of Shareholders, the Company now has three independent outside directors. The ratio of independent outside directors on the Board of Directors has increased to 30%. These three directors were asked about such topics as their views of LINTEC’s governance and how, as independent outside directors, they can strengthen LINTEC’s governance and contribute to the Company’s growth.

## Leveraging Market Analysis Knowledge, Contributing to Increases in Corporate Value

My career has centered on systematization for administrative reforms, and my work has involved the rigorous use of data. At my JBtoB CO., LTD., which I established about 20 years ago, I have assisted a large number of companies with their marketing activities. Specifically, I analyze ID-POS data, which shows consumer purchasing behavior — who purchased what, how much, where, and when. On that basis, I formulate a hypothesis about what type of changes are occurring, and provide advice about marketing

strategies to a variety of manufacturers and retailers. Currently, due to the spread of the COVID-19 infection, market environments and consumer needs are continuing to change moment by moment. There is a need to be the first to accurately grasp these changes in the environment, and I think that I can contribute to the Company’s management from this type of market analysis perspective.

I was born in Itabashi-ku, Tokyo, and I paid attention to LINTEC, which has had its headquarters in the same ward for a long time. I was fortunate to recently be elected as an outside director, and my experience so far is consistent with my image of the Company before I became a director. I think that LINTEC has a foundation in manufacturing that leverages a high level of technical capabilities. Moving forward, I will strive to leverage the experience and knowledge that I have acquired to contribute to the enhancement of corporate value, so that LINTEC can be a company that takes the lead in the development of technologies for the benefit of people around the world.



**Akiko Okushima**  
Outside Director

Joined IBM Japan Ltd. in 1981. Subsequently worked in data-driven marketing and consulting operations, including positions at foreign IT companies. In 2001, established JBtoB CO., LTD., becoming Representative Director and President (current position). In June 2020, became an outside director at LINTEC.

## Targeting Sustained Growth, Continuing to Follow the Spirit of “Sincerity and Creativity” as We Move Forward

I will strive to leverage my many years of experience as an outside officer at other companies and work diligently to fulfill my duties as an independent outside director by enhancing LINTEC’s governance. In recent years, LINTEC has taken steps to proactively strengthen and increase the transparency of the Board of Directors and the governance function. These have included the transition to the Company with Audit & Supervisory Committee system of corporate governance and the establishment of the Corporate Governance Committee as an advisory body to the Board of Directors. In particular, in the fiscal year ending March 31, 2021, the Company promoted the separation of management decision-making and operational execution by significantly reducing the number of directors. As a result, the percentage of independent outside directors increased substantially, and the Company has nearly reached the standard of “at least one-third” for the percentage of independent outside directors, as recommended by the Corporate Governance Code. I believe that this series of reforms by the Company is worthy of a high evaluation.

In addition, for further sustained growth, I think that what is

more important than anything else is to have a sincere heart and move ahead in a creative manner, as in the Company’s motto — Sincerity and Creativity. I believe that this spirit is also the base of the long-term vision and the medium-term business plan. The business environment is expected to remain difficult for the time being, and I would like to see the entire Group work together to implement the long-term vision. Going forward, from my position as an independent outside director, I will endeavor to contribute to the sound growth of the Company from the perspective of governance.

### Satoshi Ohoka

Outside Director  
Audit & Supervisory  
Committee Member



In 1975, joined the Japan Development Bank. Worked in guidance policy finance, including as Deputy Director General of the Development Bank of Japan. In addition, has worked in such positions as Professor at Nihon University, and has engaged in educational research at a number of universities. Became an Outside Director of the Company in 2012, and Outside Director (Audit & Supervisory Committee Member) in 2015. Since 2018, has worked concurrently as chair of the Company’s Corporate Governance Committee.

## Further Strengthening Global Governance and Environmental Measures

The LINTEC Group is advancing the globalization of its operations, and in the fiscal year ended March 31, 2020, overseas sales accounted for about half of consolidated net sales. In rolling out global business activities, the governance of overseas subsidiaries is a major issue. LINTEC has increased the number of people in the Audit Office and is working to strengthen governance-related management and support for overseas subsidiaries. These initiatives have recently begun to produce results, and the content of reports related to overseas subsidiaries has been enhanced. Moving forward, I would like to see further improvements, and I will strive to provide advice from the standpoint of corporate legal affairs, where I worked for many years.

Currently, the world is undergoing dramatic changes, and I believe that there are many things that will not return to the way they were before. The Group will need to address these changes and conduct operational execution with a greater sense of speed, including in product development. Due to the streamlining of the

Board of Directors, I expect that the Company will be able to act more rapidly to implement responses in line with circumstances. Also, the current trend of a focus on the environment will, of course, not stop. There are areas of the Company’s business that will be affected by natural disasters accompanying climate change, and, accordingly, I would like to see efforts from a long-term perspective, so the Company can supply society with products that have a low environmental burden.

### Kanako Osawa

Outside Director  
Audit & Supervisory  
Committee Member



Certified as an attorney and joined Kajitani Law Offices in 1998. Admitted to practice law in the State of New York, U.S., in 2005. Involved in corporate law in Japan and overseas. Became an Outside Director of the Company (Audit & Supervisory Committee Member) in 2015. Since 2018, has worked concurrently as a member of the Company’s Corporate Governance Committee.

## IR Activities

LINTEC aims to support the formation of an appropriate stock price through timely, suitable information disclosure. To that end, the Company conducts a variety of IR activities for institutional investors, securities analysts, and individual investors.

### Dialog with Institutional Investors and Securities Analysts

For institutional investors and securities analysts in Japan, we conduct financial results briefings twice per year. We also conduct quarterly IR meetings and respond to requests for information. For overseas institutional investors, we work to promote understanding of the Company through telephone conferences, meetings at IR events in Japan that are held by securities companies, and other means. From February 2020, a variety of events have been canceled due to the influence of COVID-19. However, the Company is taking steps to provide shareholders and investors with ongoing information provision and dialog initiatives, such as on-line video distribution and telephone conferences.

#### Details of Activities in the Fiscal Year Ended March 31, 2020

Number of institutional investors and securities analysts with whom individual meetings were held	Total of approximately 170
Financial results briefings for institutional investors and securities analysts	2 times



On-line results presentation by the president (Japanese only)

### Issuing Shareholder Newsletter

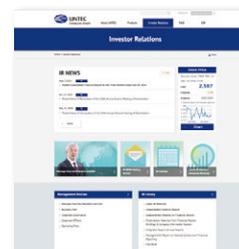
Four times per year, we issue the LINTEC WAVE shareholder newsletter and deliver it to shareholders. We periodically implement a reader questionnaire in the newsletter, and we reflect the feedback received in newsletter production and IR activities.



LINTEC WAVE shareholder newsletter

### Enhancing Information Provision Through IR Website

From the viewpoint of fair disclosure, the Company provides information through Japanese-language and English-language IR websites, and we are working on a daily basis to update the information and enhance the content.



### External Evaluations

- Morningstar Japan K.K.**  
 Gomez IR Site Ranking 2019  
**Gold Prize**
- Daiwa Investor Relations Co., Ltd.**  
 2019 Internet IR Awards  
**Commendation Award**
- Nikko Investor Relations Co., Ltd.**  
 Fiscal 2019 All Japanese Listed Companies' Website Ranking  
**AAA Website**



#### Ratings (As of August 2020)

##### Long-term bonds

- Rating and Investment Information, Inc. (R&I): A
- Japan Credit Rating Agency, Ltd. (JCR): A+

##### Short-term bonds

- Rating and Investment Information, Inc. (R&I): a-1
- Japan Credit Rating Agency, Ltd. (JCR): J-1

#### Status of inclusion in indexes (As of August 2020)

- TOPIX Mid 400 / TOPIX 500 / TOPIX 1000
- Nikkei Stock Index 300
- Nikkei JAPAN 1000
- S&P/JPX Carbon Efficient Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index (WIN)

# Financial Section

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P 77	Notes to Consolidated Financial Statements
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## Management's Discussion and Analysis

### Revenues and Expenses

Looking at the global economy in the fiscal year under review, in the United States conditions remained solid against a background of favorable employment and income environments, while in Europe consumer spending registered moderate expansion. In China, the economy continued to experience deceleration in both overseas and domestic demand due to U.S.-China trade friction. Meanwhile, Japan saw a recovery in the employment and income environments. However, there was a slowdown in exports resulting from deceleration in overseas economies, as well as damage from natural disasters, such as large typhoons, and a consumption tax hike, leading to sluggish consumer spending. Furthermore, global economic circumstances became even more challenging due to the spread of COVID-19 toward the end of the fiscal year under review.

In this business environment, LINTEC's net sales declined 4.1% year on year, to ¥240.7 billion, due to such factors as the slump in the semiconductor market in the first half of the fiscal year. Despite a decline in the cost of pulp, a key raw material, operating income was down 14.1% year on year, to ¥15.4 billion, as a result of a decrease in sales quantity and other factors. Profit before income taxes was down 24.0% year on year, to ¥13.9 billion in the fiscal year under review, due in part to the decline in operating income and the recording of an impairment loss of goodwill of ¥0.5 billion. Income taxes following the application of tax effect accounting were ¥4.4 billion, and profit attributable to owners of parent was down 25.6%, to ¥9.6 billion. Net income per share decreased from ¥179.24 in the previous fiscal year to ¥133.20, and ROE declined from 6.9% to 5.0%.

### Performance by Business Segment

#### Printing and Industrial Materials Products

In Printing & Variable Information Products Operations, looking at adhesive products for labels, due to unseasonable weather conditions in Japan, weak domestic sales were recorded by display labels for food- and beverage-related applications and by

eye-catching labels for cosmetics. Overseas, the economic slow-down in China had an influence, but sales activities to develop new customers in the United States were effective. Accordingly, overseas results were firm.

In Industrial & Material Operations, sales of window films were favorable in Japan and overseas, but sales of motorcycle- and automobile-use adhesive products were sluggish due to the effects of the stagnant Indian market.

As a result, the segment's net sales were down 0.4% year on year, to ¥122.4 billion, and operating income declined 75.3%, to ¥0.9 billion, due in part to the worsening of the sales mix and higher raw materials and distribution costs.

#### Electronic and Optical Products

In Advanced Materials Operations, sales of semiconductor-related adhesive tapes increased due primarily to a recovery in demand in the third quarter. However, sales of semiconductor-related equipment decreased significantly as a result of the influence of restrained capital expenditures. Also, in multilayer ceramic capacitor-related tapes, as a result of the influence of production adjustments for products for automobiles and smartphones, overall sales of related tapes registered a substantial decline.

In Optical Products Operations, looking at optical display-related adhesive products, sales of products for larger TV units were firm. However, sales of products for small- and medium-sized items, such as smartphones, were weak, reflecting lackluster demand.

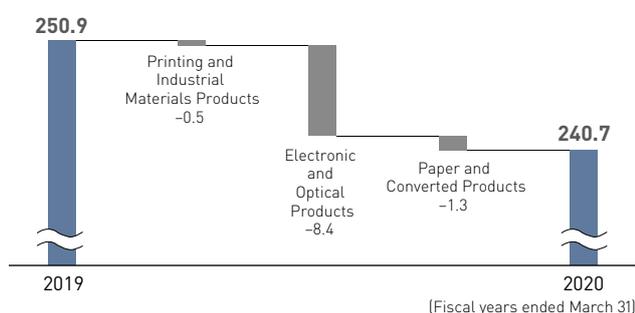
As a result, the segment's net sales were down 9.3% year on year, to ¥81.9 billion, while operating income declined 1.5%, to ¥11.0 billion.

#### Paper and Converted Products

In Fine & Specialty Paper Products Operations, sales of mainstay color papers for envelopes performed solidly. In addition, construction material papers and oil- and water-resistant papers for fast food also sold well.

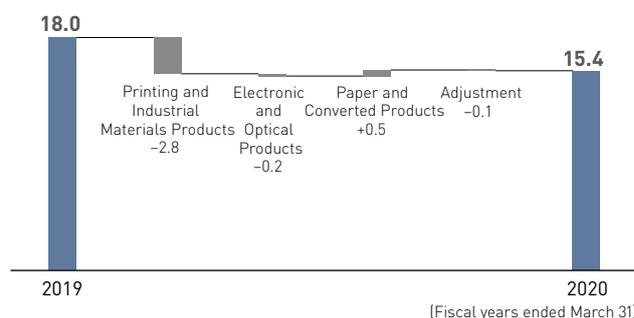
### Net Sales

¥ Billion



### Operating Income

¥ Billion



In Converted Products Operations, sales of release papers for electronic materials were firm. However, sales of release papers for general-use adhesive products and release films for optical-related products were sluggish.

As a result, the segment's net sales were down 3.5% year on year, to ¥36.4 billion, while operating income rose 17.9%, to ¥3.5 billion, due in part to lower prices for pulp.

## Financial Position

### Assets

Total assets as of March 31, 2020, were ¥279.0 billion, a decrease of ¥11.3 billion from the end of the previous fiscal year. The main changes were as follows:

· Cash and deposits	-¥5.0 billion
· Trade notes and accounts receivable	-¥6.6 billion
· Property, plant and equipment, net	+¥5.4 billion
· Goodwill	-¥4.0 billion

### Liabilities

Total liabilities as of March 31, 2020, were ¥86.7 billion, a decrease of ¥13.4 billion from the end of the previous fiscal year. The main changes were as follows:

· Trade notes and accounts payable	-¥11.4 billion
· Current portion of long-term loans payable	+¥6.2 billion
· Long-term loans payable	-¥9.3 billion
· Net defined benefit liability	+¥1.5 billion

### Net Assets

Net assets as of March 31, 2020, were ¥192.3 billion, an increase of ¥2.1 billion from the end of the previous fiscal year. The main changes were as follows:

· Retained earnings	+¥4.0 billion
· Foreign currency translation adjustments	-¥1.0 billion

## Cash Flows

Cash and cash equivalents as of March 31, 2020, amounted to ¥52.3 billion, a decrease of ¥6.0 billion year on year.

### Cash Flows from Operating Activities

Cash flows from operating activities decreased ¥4.4 billion year on year, to a cash inflow of ¥18.5 billion. The principal movements were as follows:

· Profit before income taxes	-¥4.4 billion
· Trade notes and accounts receivable	+¥4.0 billion
· Inventories	+¥2.9 billion
· Trade notes and accounts payable	-¥10.3 billion
· Income taxes paid	+¥1.4 billion

### Cash Flows from Investing Activities

Cash flows from investing activities decreased ¥3.5 billion year on year, to a cash outflow of ¥13.8 billion. The principal movements were as follows:

· Payments into time deposits	-¥2.9 billion
· Proceeds from withdrawal of time deposits	+¥2.9 billion
· Purchase of property, plant and equipment	-¥1.7 billion
· Proceeds from sales of property, plant and equipment	-¥0.9 billion

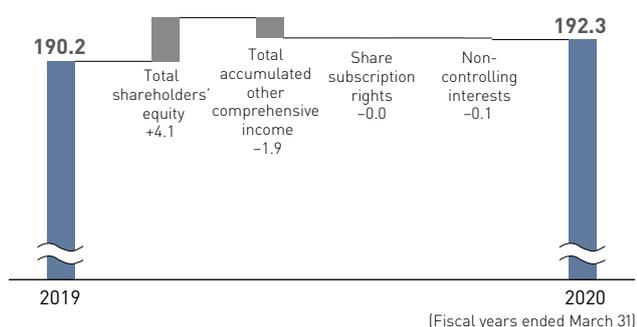
### Cash Flows from Financing Activities

Cash flows from financing activities decreased ¥2.0 billion year on year, to a cash outflow of ¥10.3 billion. The principal movement was as follows:

· Short-term loans payable	-¥1.1 billion
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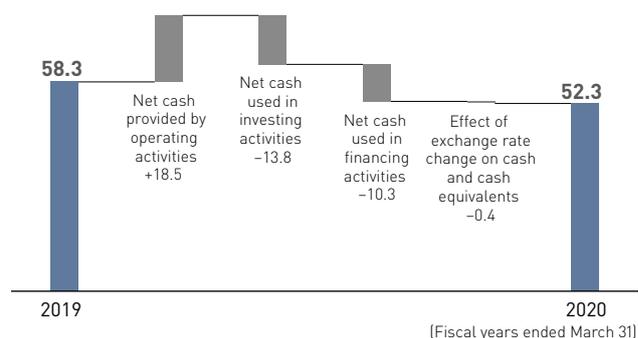
## Net Assets

¥ Billion



## Cash Flows

¥ Billion



## Financial Information

# Financial Summary

LINTEC Corporation and its consolidated subsidiaries  
Years ended March 31

	2020	2019	2018	2017
<b>For the year:</b>				
Net sales	¥240,727	¥250,942	¥249,030	¥205,975
Operating income	15,440	17,977	20,095	16,595
% of net sales	6.4%	7.2%	8.1%	8.1%
Profit before income taxes	13,939	18,338	16,666	15,398
Profit attributable to owners of parent	9,620	12,937	11,257	11,450
Return on equity	5.0%	6.9%	6.2%	6.6%
Return on assets	5.1%	6.2%	6.5%	6.1%
Per share data (yen):				
Net income	¥ 133.20	¥ 179.24	¥ 156.02	¥ 158.69
Net assets	2,653.80	2,625.54	2,573.69	2,465.43
Cash dividends	78.00	78.00	66.00	66.00
Depreciation and amortization	¥ 9,491	¥ 8,700	¥ 9,031	¥ 7,466
Purchase of property, plant and equipment	(12,443)	(10,768)	(8,084)	(13,049)
Net cash provided by operating activities	18,501	22,858	26,819	24,361
Net cash used in investing activities	(13,818)	(10,299)	(7,532)	(48,378)
Net cash provided by (used in) financing activities	(10,284)	(8,246)	(6,363)	5,257
<b>At year-end:</b>				
Current assets	¥163,660	¥175,597	¥173,593	¥151,449
Current liabilities	66,119	72,994	77,849	64,401
Working capital	97,541	102,603	95,744	87,048
Cash and cash equivalents	52,260	58,303	55,042	41,284
Property, plant and equipment, net	80,481	75,131	75,336	73,871
Long-term debt, less current portion	2,285	11,622	14,395	17,795
% of shareholders' equity	1.2%	6.2%	8.0%	10.3%
Total assets	278,972	290,320	292,733	274,199
Net assets	192,298	190,226	186,420	178,690
% of total assets	68.7%	65.3%	63.4%	64.9%
Number of shares outstanding	76,600,940	76,576,340	76,564,240	76,564,240
Number of employees	4,948	4,888	4,794	4,760
<b>Segment information:</b>				
Net sales:				
Printing and Industrial Materials Products	¥122,436	¥122,935	¥121,691	¥85,661
Electronic and Optical Products	81,929	90,316	88,882	83,205
Paper and Converted Products	36,361	37,689	38,456	37,108
Segment income:				
Printing and Industrial Materials Products	928	3,761	3,040	1,672
Electronic and Optical Products	10,981	11,150	11,972	9,155
Paper and Converted Products	3,502	2,970	4,996	5,767

Millions of yen, except per share data, number of shares, and number of employees

	2016	2015	2014	2013	2012	2011
	¥210,501	¥207,255	¥203,242	¥190,844	¥200,905	¥212,733
	17,692	16,881	13,766	10,564	13,975	20,889
	8.4%	8.1%	6.8%	5.5%	7.0%	9.8%
	16,799	17,555	12,883	10,836	13,382	19,565
	10,899	11,659	8,501	7,681	8,648	13,622
	6.4%	7.2%	5.8%	5.6%	6.6%	10.9%
	7.4%	7.8%	6.0%	5.2%	6.5%	9.7%
	¥ 151.07	¥ 161.63	¥ 114.22	¥ 102.83	¥ 115.26	¥ 180.21
	2,370.49	2,363.81	2,100.87	1,909.57	1,766.60	1,715.78
	54.00	48.00	42.00	34.00	40.00	40.00
	¥ 8,800	¥ 8,713	¥10,055	¥ 10,141	¥ 10,079	¥10,178
	(9,810)	(6,299)	(5,508)	(13,823)	(8,760)	(8,237)
	19,928	15,485	16,309	19,619	18,910	23,307
	(9,898)	(5,104)	(6,952)	(13,966)	(12,262)	(9,926)
	(4,044)	(3,135)	(8,020)	(2,877)	(5,099)	(2,820)
	¥163,647	¥163,017	¥149,396	¥138,505	¥137,229	¥132,891
	56,389	57,058	54,820	56,911	62,075	60,465
	107,258	105,958	94,575	81,593	75,153	72,426
	60,323	56,050	44,992	40,739	36,036	35,188
	64,859	61,503	61,456	64,915	62,273	61,888
	—	—	—	—	—	—
	—	—	—	—	—	—
	240,720	237,444	225,073	216,048	210,203	206,188
	172,101	171,674	152,610	143,569	132,847	130,576
	71.1%	71.8%	67.3%	66.0%	62.8%	62.9%
	76,564,240	76,564,240	76,564,240	76,564,240	76,564,240	76,564,240
	4,246	4,413	4,223	4,270	4,286	4,198
	¥87,638	¥86,764	¥86,271	¥82,761	¥90,093	¥91,898
	85,422	83,207	79,139	72,352	73,874	81,155
	37,440	37,283	37,831	35,730	36,937	39,679
	2,785	2,878	2,290	2,380	5,213	7,990
	10,562	10,071	6,846	3,196	3,942	6,732
	4,303	3,996	4,645	4,980	4,846	6,129

Overview

Strategy

Foundation

Financial Information

## Financial Information

# Consolidated Balance Sheet

LINTEC Corporation and its consolidated subsidiaries  
March 31, 2020 and 2019

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Current assets:</b>			
Cash and deposits (Notes 10, 12)	¥ 57,190	¥ 62,148	\$ 525,501
Trade notes and accounts receivable (Notes 4, 12)	62,896	69,479	577,931
Inventories (Note 3)	40,434	40,717	371,541
Other (Notes 12, 14)	3,222	3,337	29,608
Allowance for doubtful accounts	(82)	(85)	(761)
Total current assets	163,660	175,597	1,503,821
<b>Non-current assets:</b>			
<b>Property, plant and equipment (Notes 7, 11):</b>			
Buildings and structures	79,534	73,023	730,815
Machinery, equipment and vehicles	131,351	126,652	1,206,946
Land	11,238	11,356	103,264
Construction in progress	2,708	5,507	24,889
Other	14,245	11,853	130,901
	239,079	228,394	2,196,815
Accumulated depreciation	(158,597)	(153,263)	(1,457,299)
Property, plant and equipment, net	80,481	75,131	739,516
<b>Intangible assets:</b>			
Goodwill	21,350	25,359	196,178
Other (Note 11)	2,177	2,758	20,007
Total intangible assets	23,527	28,117	216,185
<b>Investments and other assets:</b>			
Investment securities (Notes 12, 13)	1,805	2,217	16,593
Deferred tax assets (Note 17)	7,562	6,988	69,488
Net defined benefit asset (Note 15)	4	—	40
Other	2,037	2,364	18,724
Allowance for doubtful accounts	(108)	(97)	(994)
Total investments and other assets	11,302	11,473	103,852
Total non-current assets	115,311	114,722	1,059,555
<b>Total assets</b>	<b>¥ 278,972</b>	<b>¥ 290,320</b>	<b>\$ 2,563,376</b>

The accompanying notes are an integral part of the consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Current liabilities:</b>			
Trade notes and accounts payable (Notes 4, 12)	¥ 41,465	¥ 52,873	\$ 381,016
Short-term loans payable (Notes 12, 24)	1,580	2,531	14,521
Current portion of long-term loans payable (Notes 12, 14, 24)	9,240	3,038	84,903
Accrued income taxes (Notes 12, 17)	2,638	2,429	24,245
Provision for directors' bonuses	59	69	547
Other (Notes 12, 14, 24)	11,135	12,052	102,316
Total current liabilities	66,119	72,994	607,550
<b>Non-current liabilities:</b>			
Long-term loans payable (Notes 12, 14, 24)	2,285	11,622	21,000
Provision for environmental measures	111	112	1,020
Net defined benefit liability (Note 15)	16,378	14,841	150,491
Other (Note 24)	1,779	522	16,353
Total non-current liabilities	20,554	27,099	188,866
Total liabilities	86,674	100,094	796,416
<b>Commitments and contingent liabilities (Note 2)</b>			
<b>Net assets:</b>			
<b>Shareholders' equity (Note 23):</b>			
Common stock:			
Authorized: 300,000,000 shares in 2020 and 2019			
Issued: 76,600,940 shares in 2020 and 76,576,340 shares in 2019	23,249	23,220	213,632
Capital surplus	26,870	26,842	246,907
Retained earnings	149,471	145,484	1,373,438
Less: treasury stock, at cost:			
4,352,574 shares in 2020 and 4,371,170 shares in 2019	(7,610)	(7,642)	(69,932)
Total shareholders' equity	191,981	187,904	1,764,045
<b>Accumulated other comprehensive income</b>			
Net unrealized holding gain on securities	(36)	291	(332)
Foreign currency translation adjustments	4,193	5,178	38,528
Remeasurements of defined benefit plans (Note 15)	(4,405)	(3,796)	(40,480)
Total accumulated other comprehensive income	(248)	1,672	(2,284)
Share subscription rights (Note 16)	128	160	1,176
Non-controlling interests	437	488	4,022
Total net assets	192,298	190,226	1,766,959
<b>Total liabilities and net assets</b>	¥278,972	¥290,320	\$2,563,376

## Financial Information

# Consolidated Statement of Income

LINTEC Corporation and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
<b>Net sales</b>	<b>¥240,727</b>	¥250,942	<b>\$2,211,957</b>
<b>Cost of sales</b>	<b>182,287</b>	189,664	<b>1,674,973</b>
Gross profit	58,440	61,278	536,984
<b>Selling, general and administrative expenses</b> (Notes 5, 6)	<b>42,999</b>	43,300	<b>395,109</b>
Operating income	15,440	17,977	141,874
<b>Non-operating income:</b>			
Interest income	300	272	2,759
Dividend income	52	257	481
Rent income	19	17	176
Gain on sales of non-current assets	14	6	128
Insurance income	22	68	206
Foreign exchange gains	—	293	—
Other income	292	348	2,689
Total non-operating income	701	1,265	6,443
<b>Non-operating expenses:</b>			
Interest expenses	178	196	1,637
Loss on retirement of non-current assets	937	883	8,617
Compensation expenses	144	55	1,325
Foreign exchange losses	200	—	1,845
Other expenses	195	114	1,794
Total non-operating expenses	1,656	1,249	15,221
Ordinary income	14,484	17,993	133,097
<b>Extraordinary gain:</b>			
Gain on sales of non-current assets (Note 7)	—	345	—
Total extraordinary gain	—	345	—
<b>Extraordinary loss:</b>			
Impairment loss (Note 8)	545	—	5,013
Total extraordinary loss	545	—	5,013
Profit before income taxes	13,939	18,338	128,083
<b>Income taxes</b> (Note 17):			
Current	4,528	5,445	41,611
Deferred	(162)	(29)	(1,492)
Total income taxes	4,366	5,416	40,118
<b>Profit</b>	<b>9,573</b>	12,921	<b>87,964</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>(47)</b>	(15)	<b>(438)</b>
<b>Profit attributable to owners of parent</b> (Note 23)	<b>¥ 9,620</b>	¥ 12,937	<b>\$ 88,402</b>

# Consolidated Statement of Comprehensive Income

LINTEC Corporation and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2020	2019	2020
Profit	¥ 9,573	¥12,921	\$ 87,964
Other comprehensive income (Note 9)			
Net unrealized holding gain on securities	(327)	(366)	(3,006)
Foreign currency translation adjustments	(986)	(2,963)	(9,066)
Remeasurements of defined benefit plans (Note 15)	(609)	(636)	(5,604)
Total other comprehensive income	(1,923)	(3,967)	(17,678)
Comprehensive income	¥ 7,649	¥ 8,954	\$ 70,286
(Comprehensive income attributable to:)			
Owners of parent	7,699	8,970	70,751
Non-controlling interests	(50)	(15)	(464)

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated Statement of Changes in Net Assets

LINTEC Corporation and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

	Thousands												Millions of yen		
	Shareholders' equity						Accumulated other comprehensive income						Share subscription rights	Non-controlling interests	Total net assets
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gain on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income					
<b>Balance as at April 1, 2018</b>	76,564	¥23,201	¥26,829	¥137,743	¥(7,711)	¥180,062	¥ 657	¥ 8,139	¥(3,157)	¥ 5,639	¥214	¥503	¥186,420		
Changes during the year:															
Issuance of new shares	12	19	19			38							38		
Cash dividends				(5,196)		(5,196)							(5,196)		
Profit attributable to owners of parent				12,937		12,937							12,937		
Purchase of treasury stock					(1)	(1)							(1)		
Disposal of treasury stock			(5)		69	64							64		
Change of scope of consolidation															
Net changes in items other than shareholders' equity							(366)	(2,961)	(639)	(3,967)	(54)	(15)	(4,037)		
<b>Total changes during the year</b>	<b>12</b>	<b>19</b>	<b>13</b>	<b>7,741</b>	<b>68</b>	<b>7,842</b>	<b>(366)</b>	<b>(2,961)</b>	<b>(639)</b>	<b>(3,967)</b>	<b>(54)</b>	<b>(15)</b>	<b>3,805</b>		
<b>Balance as at March 31, 2019</b>	<b>76,576</b>	<b>¥23,220</b>	<b>¥26,842</b>	<b>¥145,484</b>	<b>¥(7,642)</b>	<b>¥187,904</b>	<b>¥ 291</b>	<b>¥ 5,178</b>	<b>¥(3,796)</b>	<b>¥ 1,672</b>	<b>¥160</b>	<b>¥488</b>	<b>¥190,226</b>		
Changes during the year:															
Issuance of new shares	24	28	28			57							57		
Cash dividends				(5,633)		(5,633)							(5,633)		
Profit attributable to owners of parent				9,620		9,620							9,620		
Purchase of treasury stock					(1)	(1)							(1)		
Disposal of treasury stock			(0)		33	32							32		
Change of scope of consolidation				(0)		(0)							(0)		
Net changes in items other than shareholders' equity							(327)	(985)	(608)	(1,921)	(32)	(50)	(2,004)		
<b>Total changes during the year</b>	<b>24</b>	<b>28</b>	<b>28</b>	<b>3,987</b>	<b>32</b>	<b>4,076</b>	<b>(327)</b>	<b>(985)</b>	<b>(608)</b>	<b>(1,921)</b>	<b>(32)</b>	<b>(50)</b>	<b>2,071</b>		
<b>Balance as at March 31, 2020</b>	<b>76,600</b>	<b>¥23,249</b>	<b>¥26,870</b>	<b>¥149,471</b>	<b>¥(7,610)</b>	<b>¥191,981</b>	<b>¥ (36)</b>	<b>¥4,193</b>	<b>¥(4,405)</b>	<b>¥ (248)</b>	<b>¥128</b>	<b>¥437</b>	<b>¥192,298</b>		

	Thousands												Thousands of U.S. dollars (Note 1)		
	Shareholders' equity						Accumulated other comprehensive income						Share subscription rights	Non-controlling interests	Total net assets
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gain on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income					
<b>Balance as at April 1, 2019</b>	76,576	\$213,366	\$246,650	\$1,336,802	\$(70,227)	\$1,726,591	\$ 2,674	\$47,580	\$(34,887)	\$ 15,367	\$1,476	\$4,487	\$1,747,921		
Changes during the year:															
Issuance of new shares	24	265	265			531							531		
Cash dividends				(51,761)		(51,761)							(51,761)		
Profit attributable to owners of parent				88,402		88,402							88,402		
Purchase of treasury stock					(13)	(13)							(13)		
Disposal of treasury stock			(8)		308	300							300		
Change of scope of consolidation				(5)		(5)							(5)		
Net changes in items other than shareholders' equity							(3,006)	(9,052)	(5,592)	(17,651)	(299)	(464)	(18,416)		
<b>Total changes during the year</b>	<b>24</b>	<b>265</b>	<b>257</b>	<b>36,635</b>	<b>295</b>	<b>37,454</b>	<b>(3,006)</b>	<b>(9,052)</b>	<b>(5,592)</b>	<b>(17,651)</b>	<b>(299)</b>	<b>(464)</b>	<b>19,037</b>		
<b>Balance as at March 31, 2020</b>	<b>76,600</b>	<b>\$213,632</b>	<b>\$246,907</b>	<b>\$1,373,438</b>	<b>\$(69,932)</b>	<b>\$1,764,045</b>	<b>\$ (332)</b>	<b>\$38,528</b>	<b>\$(40,480)</b>	<b>\$ (2,284)</b>	<b>\$1,176</b>	<b>\$4,022</b>	<b>\$1,766,959</b>		

The accompanying notes are an integral part of the consolidated financial statements.

## Financial Information

# Consolidated Statement of Cash Flows

LINTEC Corporation and its consolidated subsidiaries  
Years ended March 31, 2020 and 2019

Thousands of  
U.S. dollars  
(Note 1)

	Millions of yen		
	2020	2019	2020
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 13,939	¥ 18,338	\$ 128,083
Depreciation and amortization	9,491	8,700	87,212
Amortization of goodwill	3,264	3,295	29,993
Increase (decrease) in net defined benefit liability	114	821	1,054
Increase (decrease) in allowance for doubtful accounts	9	(22)	87
Interest and dividend income	(352)	(530)	(3,241)
Interest expenses	178	196	1,637
Increase (decrease) in provision for business structure improvement	—	(38)	—
Loss (gain) on sales of property, plant and equipment	(13)	(352)	(120)
Loss on retirement of property, plant and equipment	229	257	2,105
Decrease (increase) in trade notes and accounts receivable	6,385	2,410	58,678
Decrease (increase) in inventories	224	(2,720)	2,061
Increase (decrease) in trade notes and accounts payable	(11,325)	(1,015)	(104,070)
Loss (gain) on sales of investment securities	(4)	(1)	(41)
Increase (decrease) in provision for environmental measures	(1)	(19)	(16)
Impairment loss	545	—	5,013
Other, net	7	(1,027)	67
Subtotal	22,691	28,293	208,502
Interest and dividend income received	371	530	3,413
Interest expenses paid	(196)	(202)	(1,806)
Income taxes (paid) refund	(4,364)	(5,763)	(40,106)
Net cash provided by operating activities	18,501	22,858	170,003
<b>Cash flows from investing activities:</b>			
Payments into time deposits	(10,139)	(7,269)	(93,171)
Proceeds from withdrawal of time deposits	8,913	6,000	81,899
Purchase of property, plant and equipment	(12,443)	(10,768)	(114,337)
Proceeds from sales of property, plant and equipment	86	944	796
Purchase of intangible assets	(158)	(151)	(1,458)
Purchase of investment securities	(66)	(4)	(606)
Proceeds from sales of investment securities	10	3	99
Proceeds from liquidation of subsidiaries	—	195	—
Payments of loans receivable	(3)	(21)	(35)
Collection of loans receivable	20	12	185
Other, net	(37)	759	(346)
Net cash used in investing activities	(13,818)	(10,299)	(126,974)
<b>Cash flows from financing activities:</b>			
Increase (decrease) in short-term loans payable	(920)	212	(8,457)
Repayments of long-term loans payable	(3,021)	(3,039)	(27,766)
Cash dividends paid	(5,632)	(5,196)	(51,755)
Purchase of treasury stock	(1)	(1)	(13)
Repayments of lease obligations	(708)	(221)	(6,507)
Other, net	0	0	0
Net cash provided by (used in) financing activities	(10,284)	(8,246)	(94,499)
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(441)</b>	<b>(1,051)</b>	<b>(4,056)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,043)</b>	<b>3,260</b>	<b>(55,528)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>58,303</b>	<b>55,042</b>	<b>535,726</b>
<b>Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	<b>0</b>	<b>—</b>	<b>4</b>
<b>Cash and cash equivalents at end of year</b> (Note 10)	<b>¥ 52,260</b>	<b>¥ 58,303</b>	<b>\$ 480,202</b>

The accompanying notes are an integral part of the consolidated financial statements.

# Notes to Consolidated Financial Statements

LINTEC Corporation and its consolidated subsidiaries  
March 31, 2020

## 1. Summary of Significant Accounting Policies

### (a) Basis of presenting financial statements

LINTEC Corporation (the "Company") maintains its accounting records and prepares its consolidated financial statements in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

For the convenience of the readers, the accompanying consolidated financial statements have been presented in U.S. dollars by translating all Japanese yen amounts at the rate of ¥108.83=U.S.\$1, the prevailing exchange rate as of March 31, 2020. This translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at this or any other rate of exchange.

As permitted under the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

Certain reclassifications of previously reported amounts have been made to conform to the consolidated financial statements for the year ended March 31, 2020 presentation.

### (b) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 41 significant subsidiaries as of March 31, 2020, but exclude subsidiaries whose total assets, net sales, profit and retained earnings are not material in relation to the comparable amounts in these statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

Goodwill is amortized over periods of the estimated useful lives (mainly 10 years) on a straight-line basis.

Investments in subsidiaries and affiliates, which are not consolidated or accounted for by the equity method, are carried at cost. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

Certain subsidiaries are consolidated on the basis of fiscal period ending December 31, which differ from that of the Company. The necessary adjustments are made to the financial statements of such subsidiaries to reflect any significant transactions from their respective fiscal year ends to March 31.

### (c) Foreign currency translation

Receivables, payables and securities denominated in foreign currencies are converted into Japanese yen at the exchange rates at fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates and the resulting translation gains or losses are included in statement of income.

In respect of the financial statement items of overseas subsidiaries, all assets and liabilities accounts are translated into Japanese yen by applying the exchange rates in effect at the fiscal year-end. All income and expense accounts are translated into Japanese yen by applying the average exchange rates during the fiscal year.

Translation differences after allocating to non-controlling interest for portions attributable to non-controlling interest are reported as foreign currency translation adjustments in a separate component of net assets in the accompanying consolidated balance sheet.

### (d) Investment securities

Securities with market value are stated at fair value, and changes in fair value are recorded as a separate component of net assets at an amount, net of tax, and the moving-average method is used to calculate the original cost. Securities without market value are stated at cost determined by the moving-average method.

### (e) Derivatives

Derivatives are stated at fair value.

### (f) Inventories

Inventories mainly apply the cost method based on the weighted-average method, which determines the amount of the inventories shown on the consolidated balance sheet by writing them down based on the decrease in their profitability.

Machinery applies the cost method based on the specific identification method, which determines the amount of the inventories shown on the consolidated balance sheet by writing them down based on the decrease in their profitability.

### (g) Property, plant and equipment (Excluding leased assets)

Depreciation is computed by the straight-line method over the estimated useful lives of the respective assets.

The significant estimated useful lives are summarized as follows:

Buildings and structures	3–50 years
Machinery, equipment and vehicles	3–17 years

### (h) Intangible assets (Excluding leased assets)

Capitalized costs of software for internal use are amortized using the straight-line method over estimated useful lives (5 years).

### (i) Leased assets

Leased assets arising from finance lease transactions which transfer ownership to the lessees are depreciated as the same way as the owned property, plant and equipment.

Leased assets arising from finance lease transactions which do not transfer ownership to the lessees are depreciated to a residual value of zero by the straight-line method over the estimated useful lives determined based on the contract terms.

Right-of-use assets are depreciated to a residual value of zero by the straight-line method over the estimated useful lives determined based on the contract terms.

Regarding overseas consolidated subsidiaries other than those that adopt US accounting standards (US-GAAP), financial statements have been prepared based on International Financial Reporting Standard (hereinafter IFRS), but as stated in "Changes in accounting principle", IFRS 16 "Leases" was applied from the beginning of the year ended March 31, 2020. Under IFRS 16 "Leases", lessees, in principle, record all leases as assets and liabilities on the consolidated balance sheet.

### (j) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at the amount of estimated uncollectible accounts, based on individual collectibility with respect to identified doubtful receivables and past experience of doubtful receivables.

### (k) Provision for directors' bonuses

Bonus to directors is accrued at the year-end and to be paid in the following year when such bonuses are attributable.

**(l) Accounting method for retirement benefits**

- (1) Method of attributing expected retirement benefits to periods  
In calculating retirement benefit obligations, the benefit formula basis is used to attribute expected retirement benefits to periods through the end of the fiscal year.
- (2) Method of amortizing actuarial gain and loss and prior service cost  
Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method principally over 15 years. Prior service cost is being amortized by the straight-line method principally over 15 years.

**(m) Provision for environmental measures**

The provision for environmental measures is estimated and recorded to provide for future potential costs, such as costs related to removal and disposal of toxic substances based on related legal requirements.

**(n) Accounting for consumption taxes**

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

**(o) Cash and cash equivalents**

Cash and cash equivalents are composed of cash and time deposits having maturities within three months from acquisition, all of which are low-risk, short-term financial instruments readily convertible into cash.

**(p) Research and development costs**

Research and development costs are charged to income when incurred.

**(q) Income taxes**

Deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse.

**(r) Shareholders' equity**

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the common stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

**(s) Hedge accounting**

- (1) Hedge accounting method  
The exceptional accounting treatment (the "Tokurei-shori") is applied with respect to interest rate swaps that meet the requirements to hedge the cash flow volatility of certain foreign currency-denominated loans. The Tokurei-shori and the designated hedge accounting (the "Furiate-shori") are applied with respect to interest rate and currency swaps that meet the requirements to hedge the cash flow volatility caused by foreign exchange rate fluctuations on certain foreign currency-denominated loans.
- (2) Hedging instruments and hedged items
  - ① Hedging instruments .....Interest rate swaps  
Hedging items .....Foreign currency-denominated loans
  - ② Hedging instruments .....Interest rate and currency swaps  
Hedging items .....Foreign currency-denominated loans
- (3) Hedging policy  
In accordance with the internal regulation, risk of fluctuations in interest rates and foreign exchange is hedged.
- (4) Method of evaluating the effectiveness of hedges  
The evaluation of effectiveness is omitted for interest rate swaps accounted for under the Tokurei-shori and for interest rate and currency swaps accounted for under the Tokurei-shori and Furiate-shori.

**(t) Accounting standards issued but not yet applied**

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised on March 31, 2020)
  - Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, revised on March 31, 2020)
- (1) Overview  
This is a comprehensive accounting standard for revenue recognition. Revenue is recognized using the following five steps.  
Step 1: Identify the contract with a customer.  
Step 2: Identify the separate performance obligations in the contract.  
Step 3: Determine the transaction price.  
Step 4: Allocate the transaction price to the separate performance obligations in the contract.  
Step 5: Recognize revenue when the entity satisfies a performance obligation.
  - (2) Application schedule  
These accounting standards will be adopted from the beginning of the year ending March 31, 2022.
  - (3) Effect of application  
The amount of the impact was still being assessed when these consolidated financial statements were prepared.

- Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No.24 revised on March 31, 2020)

(1) Overview

This standard provides an overview of the accounting principles and procedures adopted when the relevant accounting standards are not clear.

(2) Application schedule

This accounting standard will be adopted from the fiscal year ending March 31, 2021.

- Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No.31 issued on March 31, 2020)

(1) Overview

The purpose of this accounting standard is to disclose information that contributes to the understanding of users of financial statements regarding the content of accounting estimates for items that have a risk of having a significant impact on the financial statements for the following years, out of the amounts recorded in the financial statements for the current year based on accounting estimates.

(2) Application schedule

This accounting standard will be adopted from the fiscal year ending March 31, 2021.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10 revised on July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19 revised on March 31, 2020)

(1) Overview

To improve comparability with International accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter referred to as "Accounting Standards for Fair Value Measurement") were developed and provided guidance such as how to calculate the market value. Accounting standards for fair value measurement are applied to the market prices of the following items:

- Financial instruments under "Accounting Standard for Financial Instruments"
- Inventories held for sales and trading purposes under "Accounting Standard for Measurement of Inventories"

In addition, the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised, and notes such as a breakdown by level of the fair value of financial instruments have been established.

(2) Application schedule

These accounting standards will be adopted from the beginning of the year ending March 31, 2021.

(3) Effect of application

The amount of the impact was still being assessed when these consolidated financial statements were prepared.

- Foreign subsidiaries

Standard/Interpretation	Overview	Application schedule
ASU 2019-10 "Lease"	Revision to accounting treatment for lease	From the fiscal year ending March 31, 2022

Note: The amount of impact was still being assessed when these consolidated financial statements were prepared.

#### (u) Changes in accounting principle

IFRS 16 "Leases" has been applied from the beginning of the year ended March 31, 2020, excluding the Company and domestic consolidated subsidiaries that adopt Japanese accounting standards (J-GAAP) and overseas consolidated subsidiaries that adopt US accounting standards (US-GAAP). Herewith, lessees, in principle, record all leases as assets and liabilities on the consolidated balance sheet. Upon applying IFRS 16, the LINTEC Group has adopted the method where the cumulative effect of applying this standard is recognized at date of initial application, which is allowed as a transitional measure.

As a result, "Property, plant and equipment" increased by 1,808 million yen (U.S.16,617 thousand) and "Other" in current liabilities and in non-current liabilities increased by 506 million yen (U.S.4,656 thousand) and 1,272 million yen (U.S.11,689 thousand) respectively for the end of the fiscal year. The impact of these changes on the profit for the year is immaterial.

#### (v) Additional information

The LINTEC Group anticipates that the impact of the New coronavirus infection (COVID-19) will reduce orders in the various business areas in the first and second quarters for the year ending March 31, 2021 due to the deterioration of the demand environment. Our accounting estimates were made on the assumption that our business activity will recover normal condition from the third quarter for the year ending March 31, 2021.

## Financial Information

### 2. Commitments and Contingent Liabilities

The Company and its consolidated subsidiaries had unused lines of credit for short-term financing aggregating ¥27,099 million (U.S.\$249,007 thousand) and ¥26,192 million at March 31, 2020 and 2019, respectively.

### 3. Inventories

Merchandise and finished goods, work in process, and raw materials and supplies as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Merchandise and finished goods	¥15,345	¥15,027	\$141,008
Work in process	14,971	14,604	137,571
Raw materials and supplies	10,117	11,085	92,961
Total	¥40,434	¥40,717	\$371,541

### 4. Notes Maturing as of the End of the Fiscal Year

Notes maturing as of the end of the fiscal year are settled on the clearing date. In addition, accounts receivable and payable with due date that is the last day of the fiscal year are also settled on the clearing date. As the last day of the current fiscal year was a non-business day of financial institutions, the following amounts of receivables and payables maturing as of March 31, 2020 and 2019 were included in the ending balance.

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Trade notes and accounts receivable	¥—	¥5,269	\$—
Trade notes and accounts payable	—	8,902	—

### 5. Selling, General and Administrative Expenses

Major items included in selling, general and administrative expenses for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Transportation and warehousing expenses	¥ 5,328	¥ 5,536	\$ 48,959
Provision for allowance for doubtful accounts	27	(9)	251
Salaries and allowances	9,669	9,540	88,845
Retirement benefit expenses	586	336	5,393
Provision for directors' bonuses	59	70	547
Depreciation and amortization	1,779	1,211	16,350
Research and development expenses	7,860	8,319	72,231
Other	17,688	18,295	162,531
Total	¥42,999	¥43,300	\$395,109

### 6. Research and Development Expenses

Research and development expenses, all of which were included in selling, general and administrative expenses, for the years ended March 31, 2020 and 2019 were ¥7,860 million (U.S.\$72,231 thousand) and ¥8,319 million, respectively.

### 7. Gain on Sales of Noncurrent Assets

Gain on sales of noncurrent assets was related to sales of land for the year ended March 31, 2019.

### 8. Impairment Loss

The Company recognized impairment loss on the following classes of assets for the year ended March 31, 2020:

Major use	Location	Category	Millions of yen	Thousands of U.S. dollars
			2020	Impairment Loss
—	Kentucky State, U.S.A.	Goodwill	¥545	\$5,013

The Companies categorize goodwill into groups mainly based on each company in consolidated subsidiaries for the goodwill impairment testing.

VDI, LLC recognized an impairment loss of ¥545 million for the goodwill as future operating results were expected to be lower than the business plan at the time of acquisition of VDI, LLC.

The recoverable amount of the goodwill was measured at the value in use determined by future cash flows discounted at 19.0%.

## 9. Comprehensive Income

Reclassification adjustment and tax effect of other comprehensive income for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net unrealized holding gain on securities:			
Amount incurred during the fiscal year	¥ (467)	¥ (526)	\$ (4,292)
Reclassification adjustment	(4)	(1)	(41)
Prior to deducting tax effect	(471)	(528)	(4,333)
Tax effect	144	161	1,327
Net unrealized holding gain on securities	(327)	(366)	(3,006)
Foreign currency translation adjustments:			
Amount incurred during the fiscal year	(986)	(2,963)	(9,066)
Reclassification adjustment	—	—	—
Prior to deducting tax effect	(986)	(2,963)	(9,066)
Tax effect	—	—	—
Foreign currency translation adjustments	(986)	(2,963)	(9,066)
Remeasurements of defined benefit plans:			
Amount incurred during the fiscal year	(1,453)	(1,054)	(13,358)
Reclassification adjustment	577	133	5,308
Prior to deducting tax effect	(876)	(921)	(8,049)
Tax effect	266	284	2,444
Remeasurements of defined benefit plans	(609)	(636)	(5,604)
Total other comprehensive income	¥(1,923)	¥(3,967)	\$(17,678)

## 10. Cash and Cash Equivalents

1. Reconciliation between cash and cash equivalents in the consolidated statement of cash flows and cash and deposits in the consolidated balance sheet as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cash and deposits	¥57,190	¥62,148	\$525,501
Time deposits with maturity of more than 3 months	(4,929)	(3,845)	(45,298)
Cash and cash equivalents	¥52,260	¥58,303	\$480,202

2. Assets and liabilities related to lease transactions newly recognized for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Leased assets	¥ 73	¥128	\$ 676
Right-of-use assets	2,318	—	21,300
Lease obligations	2,391	128	21,977

Note: The increase in Right-of-use assets and Lease obligations due to the application of IFRS16 "Lease" were included in the above table from the year ended March 31, 2020.

## 11. Leases (Lessee's accounting)

For finance lease transactions that transfer ownership, leased assets recognized as property, plant and equipment are mainly production facilities for the years ended March 31, 2020 and 2019, and are depreciated in the same way as the owned property, plant and equipment.

For finance lease transactions that do not transfer ownership, leased assets recognized as property, plant and equipment are mainly vehicles and office equipment such as personal computers, and those recognized as intangible assets are mainly software for the years ended March 31, 2020 and 2019. These leased assets are depreciated to a residual value of zero by the straight-line method over the estimated useful lives determined based on the contract terms.

For Right-of-use assets transactions, leased assets recognized as property, plant and equipment are mainly leased offices and warehouses. These Right-of-use assets are depreciated to a residual value of zero by the straight-line method over the estimated useful lives determined based on the contract terms.

(As Lessee)

The minimum lease payments under noncancellable operating leases as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Due within 1 year	¥217	¥ 688	\$2,000
Due after 1 year	467	904	4,291
Total	¥684	¥1,593	\$6,291

## Financial Information

(As Lessor)

The minimum lease receivables under noncancellable operating leases as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Due within 1 year	¥10	¥27	\$ 95
Due after 1 year	17	27	156
Total	¥27	¥55	\$252

### 12. Financial Instruments

#### 1. Status of financial instruments

##### (1) Policy regarding financial instruments

The LINTEC Group (the "Group") limits the scope of its cash and fund management activities to short-term deposits and has a policy of relying principally on bank loans.

The Group makes use of derivatives only to reduce risk of foreign currency exchange fluctuations and has a policy of not engaging in derivative transactions for speculative purposes.

##### (2) Details of financial instruments and associated risk and risk management system

In the course of its business activities, the Group is exposed to credit risk arising from trade notes and accounts receivable that are outstanding from its customers. Regarding the risk pursuant to the internal regulations for managing its credit exposure and trade receivables, due dates and balances are managed appropriately for each customer to mitigate risks of uncollectible accounts.

Investment securities are stocks being exposed to market price risk, and these are mainly the stocks of companies with which the Group has business relationships and they are periodically confirmed the market value.

All of the trade payables—trade notes and accounts payable—are due within 1 year.

The Group has commitment line contracts with financial institutions and the short-term loans payable are raised mainly for business activities and capital investments.

The long-term loans payable are raised for corporate acquisitions. Interest rate swaps and interest rate and currency swaps are used to manage exposure to market risks from changes in interest rates and foreign currency exchange rate of the long-term loans payable.

The Group is exposed to liquidity risk from its business-related obligations and loans but the Company and its consolidated subsidiaries prepare and implement financing plans to manage the liquidity risk.

The Group conducts and manages derivative transactions based on internal rules and regulations. Executive officer administration division is in charge of managing derivative transactions and related reports are submitted to top management for each case.

In addition, the contract amounts of derivative transactions described below in Note 14, "Derivatives," do not represent the market risk associated with derivative transactions.

#### 2. Fair value and other matters related to financial instruments

Carrying value on the consolidated balance sheet as of March 31, 2020 and 2019 along with their fair value and the variance were shown in the following table.

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Variance	Carrying value	Fair value	Variance
(1) Cash and deposits	¥ 57,190	¥ 57,190	¥—	\$ 525,501	\$ 525,501	\$ —
(2) Trade notes and accounts receivable	62,896	62,896	—	577,931	577,931	—
(3) Investment securities						
Other securities	1,222	1,222	—	11,235	11,235	—
(4) Trade notes and accounts payable	(41,465)	(41,465)	—	(381,016)	(381,016)	—
(5) Short-term loans payable	(1,580)	(1,580)	—	(14,521)	(14,521)	—
(6) Accrued income taxes	(2,638)	(2,638)	—	(24,245)	(24,245)	—
(7) Long-term loans payable	(11,525)	(11,573)	48	(105,903)	(106,347)	443
(8) Derivatives	8	8	—	81	81	—

Notes: i. Figures shown in parentheses are liability items.

ii. The current portion of long-term loans payable is included in long-term loans payable.

iii. The value of assets and liabilities arising from derivatives is shown by net value.

	Millions of yen		
	Carrying value	Fair value	Variance
(1) Cash and deposits	¥ 62,148	¥ 62,148	¥ —
(2) Trade notes and accounts receivable	69,479	69,479	—
(3) Investment securities			
Other securities	1,634	1,634	—
(4) Trade notes and accounts payable	(52,873)	(52,873)	—
(5) Short-term loans payable	(2,531)	(2,531)	—
(6) Accrued income taxes	(2,429)	(2,429)	—
(7) Long-term loans payable	(14,661)	(14,543)	(117)
(8) Derivatives	4	4	—

Notes: i. Figures shown in parentheses are liability items.

ii. The current portion of long-term loans payable is included in long-term loans payable.

iii. The value of assets and liabilities arising from derivatives is shown by net value.

Note 1: Method of computing the fair value of financial instruments, securities and derivatives

(1) Cash and deposits; (2) Trade notes and accounts receivable

Since these items are settled in a short period of time and have fair values that are virtually the same as the carrying value on the ledger, the carrying value has been used.

(3) Investment securities

The market value of investment securities is determined by the price of the stock traded on an exchange market.

(4) Trade notes and accounts payable; (5) Short-term loans payable; (6) Accrued income taxes

Since these items are settled in a short period of time and have fair values that are virtually the same as the carrying value on the ledger, the carrying value has been used.

(7) Long-term loans payable

The fair value of long-term loans payable is measured as the net present value of estimated cash flows by discounting the amount of principal and interest value using the assumed interest rate applied to a new similar loan. The fair value of long-term loans payable with variable interest rates hedged by interest rate swaps subject to the special treatment or interest rate and currency swaps subject to the total treatment are calculated based on the net present value of the total amount of principle and interest, accounted for together with the interest rate swap or interest rate and currency swap transactions, discounted by the interest rate rationally estimated for a similar loan.

(8) Derivatives

Please see Note 14, "Derivatives."

Note 2: Financial instruments for which obtaining the fair value is deemed to be extremely difficult:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
	Carrying value	Carrying value	Carrying value
Unlisted stocks	¥583	¥583	\$5,357

The unlisted stocks in the preceding table do not have market values, and as estimating their future cash flows is deemed to be extremely difficult, they are not included in the above table "(3) Investment securities."

Note 3: Planned redemption amounts after the balance sheet date for held-to-maturity securities and receivables were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
	Within 1 year	Within 1 year	Within 1 year
Cash and deposits	¥ 57,166	¥ 62,121	\$ 525,284
Trade notes and accounts receivable	62,896	69,479	577,931
Total	¥120,063	¥131,601	\$1,103,216

Note 4: Planned redemption amounts after the balance sheet date for borrowings were as follows:

	Millions of yen					
	2020					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans payable	¥ 1,580	¥ —	¥ —	¥ —	¥—	¥—
Current portion of long-term loans payable	9,240	—	—	—	—	—
Long-term loans payable	—	1,197	544	544	—	—
Total	¥10,820	¥1,197	¥544	¥544	¥—	¥—

	Thousands of U.S. dollars					
	2020					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans payable	\$14,521	\$ —	\$ —	\$ —	\$—	\$—
Current portion of long-term loans payable	84,903	—	—	—	—	—
Long-term loans payable	—	11,000	5,000	5,000	—	—
Total	\$99,424	\$11,000	\$5,000	\$5,000	\$—	\$—

	Millions of yen					
	2019					
	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years
Short-term loans payable	¥2,531	¥ —	¥ —	¥ —	¥ —	¥—
Current portion of long-term loans payable	3,038	—	—	—	—	—
Long-term loans payable	—	9,291	1,220	554	554	—
Total	¥5,569	¥9,291	¥1,220	¥554	¥554	¥—

## Financial Information

### 13. Marketable and Investment Securities

1. The carrying value and acquisition cost of other securities as of March 31, 2020 and 2019 were as follows:

		Millions of yen			Thousands of U.S. dollars		
		2020					
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥ 918	¥ 769	¥ 148	\$ 8,438	\$ 7,072	\$ 1,365
	Bonds	—	—	—	—	—	—
	Other	—	—	—	—	—	—
Subtotal		¥ 918	¥ 769	¥ 148	\$ 8,438	\$ 7,072	\$ 1,365
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 304	¥ 505	¥(200)	\$ 2,797	\$ 4,642	\$(1,845)
	Bonds	—	—	—	—	—	—
	Other	—	—	—	—	—	—
Subtotal		¥ 304	¥ 505	¥(200)	\$ 2,797	\$ 4,642	\$(1,845)
Total		¥1,222	¥1,274	¥ (52)	\$11,235	\$11,715	\$ (479)

		Millions of yen		
		2019		
	Description	Carrying value	Acquisition cost	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost	Stocks	¥1,314	¥ 799	¥514
	Bonds	—	—	—
	Other	—	—	—
Subtotal		¥1,314	¥ 799	¥514
Securities whose acquisition cost exceeds their carrying value	Stocks	¥ 320	¥ 415	¥ (95)
	Bonds	—	—	—
	Other	—	—	—
Subtotal		¥ 320	¥ 415	¥ (95)
Total		¥1,634	¥1,215	¥419

2. Other securities sold during the years ended March 31, 2020 and 2019 were as follows:

		Millions of yen			Thousands of U.S. dollars		
		2020					
Description		Sales amount	Aggregate gains	Aggregate losses	Sales amount	Aggregate gains	Aggregate losses
Stocks		¥10	¥ 4	¥—	\$99	\$41	\$—
Bonds		—	—	—	—	—	—
Other		—	—	—	—	—	—
Total		¥10	¥ 4	¥—	\$99	\$41	\$—

		Millions of yen		
		2019		
Description		Sales amount	Aggregate gains	Aggregate losses
Stocks		¥ 3	¥ 1	¥—
Bonds		—	—	—
Other		—	—	—
Total		¥ 3	¥ 1	¥—

## 14. Derivatives

1. Derivatives to which the Company did not apply hedge accounting as of March 31, 2020 and 2019 were as follows:  
(Currency related)

		Millions of yen			
		2020			
Nature of transaction		Contract amounts		Fair value	Unrealized gain (loss)
		Total	Over 1 year		
Off-market transactions	Forward exchange contracts to:				
	Sell:				
	U.S. dollars (buy Japanese yen)	¥638	¥—	¥ 3	¥ 3
	U.S. dollars (buy Korean won)	72	—	1	1
	Japanese yen (buy Korean won)	8	—	(0)	(0)
	U.S. dollars (buy Singapore dollars)	13	—	0	0
	Indonesian rupiah (buy Japanese yen)	23	—	3	3
Total		¥757	¥—	¥ 8	¥ 8

		Thousands of U.S. dollars			
		2020			
Nature of transaction		Contract amounts		Fair value	Unrealized gain (loss)
		Total	Over 1 year		
Off-market transactions	Forward exchange contracts to:				
	Sell:				
	U.S. dollars (buy Japanese yen)	\$5,870	\$—	\$31	\$31
	U.S. dollars (buy Korean won)	665	—	10	10
	Japanese yen (buy Korean won)	82	—	(0)	(0)
	U.S. dollars (buy Singapore dollars)	125	—	4	4
	Indonesian rupiah (buy Japanese yen)	219	—	34	34
Total		\$6,963	\$—	\$81	\$81

Note: Method of computing the fair value is based on information provided by financial institutions at the end of the fiscal year.

		Millions of yen			
		2019			
Nature of transaction		Contract amounts		Fair value	Unrealized gain (loss)
		Total	Over 1 year		
Off-market transactions	Forward exchange contracts to:				
	Sell:				
	U.S. dollars (buy Japanese yen)	¥ 735	¥—	¥ 0	¥ 0
	U.S. dollars (buy Korean won)	99	—	0	0
	Japanese yen (buy Korean won)	36	—	(0)	(0)
	U.S. dollars (buy Singapore dollars)	41	—	1	1
	Buy:				
	Japanese yen (sell New Taiwan dollars)	147	—	3	3
Total		¥1,059	¥—	¥ 4	¥ 4

Note: Method of computing the fair value is based on information provided by financial institutions at the end of the fiscal year.

2. Derivatives to which the Company applied hedge accounting as of March 31, 2020 and 2019 were as follows:  
(Interest rate related)

			Millions of yen		
			2020		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amounts		Fair value
			Total	Over 1 year	
The Tokurei-shori for interest rate swaps	Interest rate swaps Variable rate receipt / Fixed rate payment	Long-term loans payable	¥1,632	¥—	¥(Note)

			Thousands of U.S. dollars		
			2020		
Hedge accounting method	Type of derivatives	Major hedged items	Contract amounts		Fair value
			Total	Over 1 year	
The Tokurei-shori for interest rate swaps	Interest rate swaps Variable rate receipt / Fixed rate payment	Long-term loans payable	\$15,000	\$—	\$(Note)

Note: Interest rate swaps subject to the Tokurei-shori for interest rate swaps are treated together with the hedged long-term loans payable. Accordingly, the fair value of those interest rate swaps is included in the fair value of the long-term loans payable.

## Financial Information

			Millions of yen		
			2019		
			Contract amounts		
Hedge accounting method	Type of derivatives	Major hedged items	Total	Over 1 year	Fair value
The Tokurei-shori for interest rate swaps	Interest rate swaps Variable rate receipt / Fixed rate payment	Long-term loans payable	¥1,886	¥1,664	¥(Note)

Note: Interest rate swaps subject to the Tokurei-shori for interest rate swaps are treated together with the hedged long-term loans payable. Accordingly, the fair value of those interest rate swaps is included in the fair value of the long-term loans payable.

(Interest rate and currency related)

			Millions of yen		
			2020		
			Contract amounts		
Hedge accounting method	Type of derivatives	Major hedged items	Total	Over 1 year	Fair value
The Tokurei-shori and Furiate-shori for interest rate and currency swaps	Interest rate and currency swaps Variable rate receipt / Fixed rate payment U.S.\$ receipt / Japanese ¥ payment	Long-term loans payable	¥4,818	¥—	¥(Note)

			Thousands of U.S. dollars		
			2020		
			Contract amounts		
Hedge accounting method	Type of derivatives	Major hedged items	Total	Over 1 year	Fair value
The Tokurei-shori and Furiate-shori for interest rate and currency swaps	Interest rate and currency swaps Variable rate receipt / Fixed rate payment U.S.\$ receipt / Japanese ¥ payment	Long-term loans payable	\$44,271	\$—	\$(Note)

Note: Interest rate and currency swaps subject to the Tokurei-shori and Furiate-shori for interest rate and currency swaps are treated together with the hedged long-term loans payable. Accordingly, the fair value of those interest rate and currency swaps is included in the fair value of the long-term loans payable.

			Millions of yen		
			2019		
			Contract amounts		
Hedge accounting method	Type of derivatives	Major hedged items	Total	Over 1 year	Fair value
The Tokurei-shori and Furiate-shori for interest rate and currency swaps	Interest rate and currency swaps Variable rate receipt / Fixed rate payment U.S.\$ receipt / Japanese ¥ payment	Long-term loans payable	¥5,405	¥4,818	¥(Note)

Note: Interest rate and currency swaps subject to the Tokurei-shori and Furiate-shori for interest rate and currency swaps are treated together with the hedged long-term loans payable. Accordingly, the fair value of those interest rate and currency swaps is included in the fair value of the long-term loans payable.

### 15. Retirement Benefits

The Company has defined benefit plans of a corporate pension fund plan under the Japanese Defined Benefit Corporate Pension Law and lump-sum payment plan.

Domestic consolidated subsidiaries have lump-sum payment plans and certain foreign consolidated subsidiaries have defined contribution plans and lump-sum payment plans.

The following summarizes information related to retirement benefits for the years ended March 31, 2020 and 2019.

#### 1. Defined benefit plans

(1) Reconciliation statement for the beginning balance and the ending balance of retirement benefit obligations

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Retirement benefit obligations at beginning of year	¥38,496	¥37,398	\$353,726
Service cost	1,962	1,950	18,031
Interest cost	195	193	1,798
Actuarial gains (losses)	(23)	(67)	(213)
Retirement benefits paid	(1,729)	(1,818)	(15,890)
Prior service cost	—	831	—
Increase (decrease) from foreign currency translation	(25)	(46)	(238)
Other	68	54	633
Retirement benefit obligations at end of year	¥38,944	¥38,496	\$357,847

Note: For some of the consolidated subsidiaries, the simplified method is used to calculate retirement benefit obligations.

## (2) Reconciliation statement for the beginning balance and the ending balance of plan assets

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Plan assets at beginning of year	¥23,654	¥24,391	\$217,349
Expected return on plan assets	764	752	7,025
Actuarial gains (losses)	(1,477)	(291)	(13,572)
Contributions from the employer	1,238	505	11,380
Retirement benefits paid	(1,612)	(1,703)	(14,818)
Increase (decrease) from foreign currency translation	3	—	31
Plan assets at end of year	¥22,570	¥23,654	\$207,395

## (3) Reconciliation statement for the ending balance of retirement benefit obligations and plan assets and net defined benefit liability or asset recorded in the consolidated financial statements

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Retirement benefit obligations of a funded pension plan	¥ 38,673	¥ 37,641	\$ 355,361
Plan assets	(22,570)	(23,654)	(207,395)
	16,103	13,987	147,965
Retirement benefit obligations of an unfunded pension plan	270	854	2,486
Net amount of liabilities and assets recorded in the consolidated balance sheet	¥ 16,373	¥ 14,841	\$ 150,451
Net defined benefit liability	¥ 16,378	¥ 14,841	\$ 150,491
Net defined benefit asset	(4)	—	(40)
Net amount of liabilities and assets recorded in the consolidated balance sheet	¥ 16,373	¥ 14,841	\$ 150,451

## (4) Components of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Service cost	¥1,962	¥1,950	\$18,031
Interest cost	195	193	1,798
Expected return on plan assets	(764)	(752)	(7,025)
Amortization of actuarial losses (gains)	630	351	5,795
Amortization of prior service cost	(52)	(218)	(486)
Other	(3)	(0)	(28)
Retirement benefit expenses for the defined benefit plans	¥1,968	¥1,524	\$18,085

Notes: i. Retirement benefit expenses of consolidated subsidiaries using the simplified method are included in service cost.

ii. Employee's contributions to the corporate pension fund are not included in the retirement benefit expenses for the defined benefit plans.

## Financial Information

(5) Remeasurements of defined benefit plans recorded in other comprehensive income

Breakdown of items (before tax effect) recorded in other comprehensive income of remeasurements of defined benefit plans are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Prior service cost	¥ 52	¥1,049	\$ 486
Actuarial losses (gains)	823	(127)	7,563
Total	¥876	¥ 921	\$8,049

(6) Remeasurements of defined benefit plans recorded in accumulated other comprehensive income

Breakdown of items (before tax effect) recorded in accumulated other comprehensive income of remeasurements of defined benefit plans are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Unrecognized prior service cost	¥ 834	¥ 782	\$ 7,672
Unrecognized actuarial losses (gains)	5,513	4,690	50,661
Total	¥6,348	¥5,472	\$58,333

(7) Items related to plan assets

1. Breakdown of major items

The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2020 and 2019 was as follows:

	2020	2019
Bonds	65.4%	67.4%
Stocks	15.1%	16.7%
Alternatives	8.6%	6.7%
Cash and deposits	7.7%	4.3%
Other	3.2%	4.9%
Total	100.0%	100.0%

Note: Alternatives are mainly investments on hedge funds.

2. Method for determining the expected long-term rate of return on plan assets

In determining the expected long-term rate of return on plan assets, estimates are considered based on the current and expected allocation of plan assets and the current and expected long-term rate of return from the various assets comprising the plan assets.

(8) Major actuarial assumptions as of March 31, 2020 and 2019 were as follows:

	2020	2019
Discount rate	Mainly 0.5%	Mainly 0.5%
Expected long-term rate of return on plan assets	Mainly 3.5%	Mainly 3.5%
Expected salary increase rate	Mainly 2.2%	Mainly 2.2%

### 2. Defined contribution plans

Some of the consolidated subsidiaries contributed ¥323 million (U.S.\$2,975 thousand) and ¥266 million, for the years ended March 31, 2020 and 2019 to the defined contribution plans, respectively.

## 16. Stock Option Plan

Components of stock-based compensation expense for the years ended March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Cost of sales	¥—	¥1	\$—
Selling, general and administrative expenses	—	8	—

The following table summarizes contents of stock options as of March 31, 2020:

### The 2006 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 10, 2006
Position and number of grantees	Directors, 17
Class and number of stocks	Common stock 10,500 shares
Date of grant	August 25, 2006
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 26, 2006 to August 25, 2026

### The 2007 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 9, 2007
Position and number of grantees	Directors, 17
Class and number of stocks	Common stock 9,300 shares
Date of grant	August 24, 2007
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 25, 2007 to August 24, 2027

### The 2008 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 8, 2008
Position and number of grantees	Directors, 14
Class and number of stocks	Common stock 9,800 shares
Date of grant	August 25, 2008
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 26, 2008 to August 25, 2028

### The 2009 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 7, 2009
Position and number of grantees	Directors, 14
Class and number of stocks	Common stock 15,000 shares
Date of grant	August 24, 2009
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 25, 2009 to August 24, 2029

### The 2010 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 9, 2010
Position and number of grantees	Directors, 16
Class and number of stocks	Common stock 14,100 shares
Date of grant	August 24, 2010
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 25, 2010 to August 24, 2030

## Financial Information

### The 2011 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 9, 2011
Position and number of grantees	Directors, 8
Class and number of stocks	Common stock 7,600 shares
Date of grant	August 24, 2011
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 25, 2011 to August 24, 2031

### The 2012 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 8, 2012
Position and number of grantees	Directors, 8 and Executive Officers, 12
Class and number of stocks	Common stock 15,900 shares
Date of grant	August 23, 2012
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director or executive officer of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 24, 2012 to August 23, 2032

### The 2013 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 7, 2013
Position and number of grantees	Directors, 10 and Executive Officers, 12
Class and number of stocks	Common stock 22,000 shares
Date of grant	August 22, 2013
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director or executive officer of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 23, 2013 to August 22, 2033

### The 2014 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 6, 2014
Position and number of grantees	Directors, 10 and Executive Officers, 12
Class and number of stocks	Common stock 18,300 shares
Date of grant	August 21, 2014
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director or executive officer of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 22, 2014 to August 21, 2034

### The 2015 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 6, 2015
Position and number of grantees	Directors, 11 and Executive Officers, 12
Class and number of stocks	Common stock 14,600 shares
Date of grant	August 21, 2015
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director or executive officer of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 22, 2015 to August 21, 2035

## The 2016 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 9, 2016
Position and number of grantees	Directors, 11 and Executive Officers, 12
Class and number of stocks	Common stock 12,200 shares
Date of grant	August 24, 2016
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director or executive officer of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 25, 2016 to August 24, 2036

## The 2017 plan

Name of Company	The Company
Date of approval of the Board of Directors	August 7, 2017
Position and number of grantees	Directors, 11 and Executive Officers, 12
Class and number of stocks	Common stock 14,400 shares
Date of grant	August 22, 2017
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of director or executive officer of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From August 23, 2017 to August 22, 2037

## The 2018 plan

Name of Company	The Company
Date of approval of the Board of Directors	April 19, 2018
Position and number of grantees	Executive Officers, 13
Class and number of stocks	Common stock 3,900 shares
Date of grant	May 7, 2018
Condition and settlement of rights	Persons who have received allotment of share subscription rights must hold the position of executive officer of the Company at the time of grant.
Period of providing service for stock options	—
Exercise period	From May 8, 2018 to May 7, 2038

The following tables summarize the scale and movement of stock options for the year ended March 31, 2020:

**(Non-vested stock options)**

(Unit: shares)

	The 2006 plan	The 2007 plan	The 2008 plan	The 2009 plan	The 2010 plan	The 2011 plan	The 2012 plan	The 2013 plan	The 2014 plan	The 2015 plan	The 2016 plan	The 2017 plan	The 2018 plan
Stock options outstanding at April 1, 2019	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock options granted	—	—	—	—	—	—	—	—	—	—	—	—	—
Forfeitures	—	—	—	—	—	—	—	—	—	—	—	—	—
Conversion to vested stock options	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Stock options outstanding at March 31, 2020</b>	<b>—</b>												

## Financial Information

### (Vested stock options)

(Unit: shares)

	The 2006 plan	The 2007 plan	The 2008 plan	The 2009 plan	The 2010 plan	The 2011 plan	The 2012 plan	The 2013 plan	The 2014 plan	The 2015 plan	The 2016 plan	The 2017 plan	The 2018 plan
Stock options outstanding at April 1, 2019	1,400	1,100	1,500	2,100	3,400	3,200	6,500	12,600	14,400	13,100	10,800	13,300	3,900
Conversion from non-vested stock options	—	—	—	—	—	—	—	—	—	—	—	—	—
Stock options exercised	—	—	—	—	900	800	2,300	4,600	5,300	2,600	1,900	800	—
Forfeitures	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Stock options outstanding at March 31, 2020</b>	<b>1,400</b>	<b>1,100</b>	<b>1,500</b>	<b>2,100</b>	<b>2,500</b>	<b>2,400</b>	<b>4,200</b>	<b>8,000</b>	<b>9,100</b>	<b>10,500</b>	<b>8,900</b>	<b>12,500</b>	<b>3,900</b>

The following table summarizes the price information of stock options as of March 31, 2020:

	The 2006 plan	The 2007 plan	The 2008 plan	The 2009 plan	The 2010 plan	The 2011 plan	The 2012 plan	The 2013 plan	The 2014 plan	The 2015 plan	The 2016 plan	The 2017 plan	The 2018 plan
Exercise price	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1	¥ 1
Average market price of the stock at the time of exercise	—	—	—	—	2,380	2,380	2,287	2,281	2,329	2,329	2,383	2,213	—
Fair value at the date of grant	2,788	1,947	1,481	1,726	1,474	1,303	1,203	1,595	1,825	2,283	1,445	2,261	2,509

There were no stock options granted during the year ended March 31, 2020.

### 17. Income Taxes

1. The Company and its consolidated subsidiaries are subject to a number of taxes based on income which, in the aggregate, resulted in a statutory tax rate of approximately 30.62% for the years ended March 31, 2020 and 2019, respectively. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation. The effective tax rates reflected in the consolidated statement of income for the years ended March 31, 2020 and 2019 differ from the statutory tax rate for the following reasons:

	2020	2019
Statutory tax rate	30.62%	30.62%
Effect of:		
Permanently non-deductible expenses for income tax purposes such as entertainment expenses	1.28	0.27
Permanently non-taxable income for income tax purposes such as dividend income	(9.90)	(15.70)
Municipal tax	0.41	0.31
The difference of tax rates applied to foreign subsidiaries	(3.90)	(4.60)
Tax deduction in accordance with special tax measures	(3.24)	(2.62)
Decrease of valuation allowance for such as net operating loss carryforward	2.12	0.20
Consolidated adjustments of dividend income from consolidated subsidiaries	11.00	17.48
The impairment loss on goodwill	0.82	—
Foreign withholding tax	2.76	4.04
Other, net	(0.65)	(0.46)
Effective tax rate	31.32%	29.54%

2. The significant components of deferred tax assets and liabilities as of March 31, 2020 and 2019 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
<b>Deferred tax assets:</b>			
Accrued bonuses	¥ 717	¥ 728	\$ 6,595
Accrued enterprise taxes	148	118	1,361
Operating loss carryforwards (Note 2)	1,282	1,215	11,780
Net defined benefit liability	5,006	4,467	45,999
Retirement benefit trust	432	653	3,973
Research and development cost	574	630	5,282
Net unrealized holding loss on securities	15	—	146
Foreign tax credit carryforwards	455	560	4,182
Loss on valuation of inventories	317	300	2,916
Allowance for doubtful accounts	128	152	1,179
Unrealized gain	406	356	3,735
Excess of depreciation expense	351	252	3,234
Other	709	584	6,520
<b>Gross deferred tax assets</b>	<b>10,546</b>	<b>10,020</b>	<b>96,909</b>
Valuation allowance related to operating loss carryforwards (Note 2)	(1,270)	(1,212)	(11,675)
Valuation allowance related to total deductible temporary differences	(1,236)	(1,121)	(11,361)
Valuation allowance (Note 1)	(2,507)	(2,333)	(23,036)
	<b>8,039</b>	<b>7,686</b>	<b>73,872</b>
<b>Deferred tax liabilities:</b>			
Revaluation of fixed assets in accordance with special tax measures	(170)	(176)	(1,567)
Net unrealized holding gain on securities	—	(128)	—
Depreciation expense of subsidiaries	(2)	(1)	(24)
Dividend income from consolidated subsidiaries	(291)	(371)	(2,675)
Other	(35)	(30)	(322)
	<b>(499)</b>	<b>(709)</b>	<b>(4,589)</b>
<b>Net deferred tax assets</b>	<b>¥ 7,540</b>	<b>¥ 6,977</b>	<b>\$ 69,282</b>

Note 1: The valuation allowance has increased by ¥173 million (U.S.\$1,591 thousand), due to additional recognitions of ¥58 million (U.S.\$534 thousand) for operating loss carryforwards and ¥137 million (U.S.\$1,260 thousand) for excess of depreciation expense in its consolidated subsidiaries.

Note 2: Amounts of operating loss carryforwards and related deferred tax assets by operating loss carryforwards for the year ended March 31, 2020 were as follows:

	Millions of yen						Total
	2020	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	
Operating loss carryforwards	¥ 1,282	¥ 12	¥ 145	¥ 64	¥ 140	¥ 25	¥ 893
Valuation allowance	(1,270)	(12)	(145)	(64)	(140)	(25)	(881)
Deferred tax assets	¥ 11	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 11

	Thousands of U.S. dollars						Total
	2020	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	
Operating loss carryforwards	\$ 11,780	\$ 110	\$ 1,340	\$ 592	\$ 1,292	\$ 237	\$ 8,206
Valuation allowance	(11,675)	(110)	(1,340)	(592)	(1,292)	(237)	(8,100)
Deferred tax assets	\$ 105	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 105

Note: Figures for operating loss carryforwards was the amounts multiplied by statutory tax rate.

	Millions of yen						Total
	2019	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	
Operating loss carryforwards	¥ 1,215	¥ 56	¥ 52	¥ 201	¥ 41	¥ 0	¥ 863
Valuation allowance	(1,212)	(56)	(52)	(201)	(41)	(0)	(859)
Deferred tax assets	¥ 3	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 3

Note: Figures for operating loss carryforwards was the amounts multiplied by statutory tax rate.

## Financial Information

### 18. Business Combinations

No specific disclosure for business combination has been made for the year ended March 31, 2020 because of its immateriality.

### 19. Asset Retirement Obligations

No specific disclosure has been made for the years ended March 31, 2020 and 2019 because of its immateriality.

### 20. Rental Property

No specific disclosure for rental property has been made as of March 31, 2020 and 2019 because of its immateriality.

### 21. Segment Information

#### 1. Overview of reportable segments

##### (1) Decision procedures for reportable segments

The business segments of our group are subject to periodic review because each of them provides its own financial information separately from other business units of our group and the board of directors not only makes a decision on allocation of management resources, but also evaluates the performance of them.

Our group consists of 6 business segments, each of which develops comprehensive strategies and conducts business activities in overseas and domestic markets.

Based on product manufacturing methods and similarity of the markets where the products are introduced, we aggregate these business segments into 3 distinguishable units, such as "Printing and Industrial Materials Products," "Electronic and Optical Products," and "Paper and Converted Products," to include in this report.

##### (2) Products and services handled in each segment

Products and services handled in each segment were as follows:

Reportable segments	Main products and services
Printing and Industrial Materials Products	Adhesive products for seals and labels, Labeling machines, Automobile-use adhesive products, Industrial-use adhesive tapes, Window films, Films for outdoor signs and advertising, Interior finishing mounting films
Electronic and Optical Products	Semiconductor-related adhesive tapes, Semiconductor-related equipment, Multilayer ceramic capacitor-related tapes, Optical display-related adhesive products
Paper and Converted Products	Color papers for envelopes, Colored construction papers, Special function papers, High-grade printing papers, High-grade papers for paper products, Release papers for adhesive products, Release films for optical-related products, Casting papers for synthetic leather, Casting papers for carbon fiber composite materials

#### 2. Method of calculating sales and income (loss), assets, and other items by reportable segment reported

The reported information regarding business segments is processed mostly following the accounting procedures listed in "Significant Accounting Policies" used as basis for preparing consolidated financial statements.

The profits of the segments reported are based on operating income.

The values for internal sales and transfers conducted between segments are given based on the market price for transactions between consolidated companies, and on the first cost for transactions within the same company.

3. Information on sales and income (loss), assets, and other items by reportable segment for the years ended March 31, 2020 and 2019 are outlined as follows:

Millions of yen

2020

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	¥122,436	¥81,929	¥36,361	¥240,727	¥ —	¥240,727
Intra-segment sales and transfers	58	41	16,699	16,799	(16,799)	—
Total	¥122,494	¥81,971	¥53,060	¥257,527	¥(16,799)	¥240,727
Segment income	¥ 928	¥10,981	¥ 3,502	¥ 15,412	¥ 27	¥ 15,440
Others						
Depreciation and amortization	¥ 4,056	¥ 3,445	¥ 1,989	¥ 9,491	¥ —	¥ 9,491
Amortization of goodwill	¥ 3,264	¥ —	¥ —	¥ 3,264	¥ —	¥ 3,264

Thousands of U.S. dollars

2020

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	\$1,125,025	\$752,823	\$334,108	\$2,211,957	\$ —	\$2,211,957
Intra-segment sales and transfers	535	384	153,445	154,366	(154,366)	—
Total	\$1,125,560	\$753,208	\$487,554	\$2,366,323	\$(154,366)	\$2,211,957
Segment income	\$ 8,533	\$100,902	\$ 32,185	\$ 141,621	\$ 252	\$ 141,874
Others						
Depreciation and amortization	\$ 37,271	\$ 31,656	\$ 18,283	\$ 87,212	\$ —	\$ 87,212
Amortization of goodwill	\$ 29,993	\$ —	\$ —	\$ 29,993	\$ —	\$ 29,993

- Notes: i. Segment income adjustments show elimination of the amount of intra-segment transactions.  
ii. Segment income is adjusted to be reported as operating income in the consolidated statement of income.  
iii. The amounts to be written off as depreciation and amortization of goodwill are allocated among the business segment on the basis of reasonable criteria.  
iv. Since companies, offices, and factories serve as the base for administrative classification of segment's assets, no allocation to the business segment is done.

Millions of yen

2019

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Adjustments	Consolidation
Net sales						
Net sales to external customers	¥122,935	¥90,316	¥37,689	¥250,942	¥ —	¥250,942
Intra-segment sales and transfers	61	43	16,513	16,618	(16,618)	—
Total	¥122,997	¥90,360	¥54,203	¥267,560	¥(16,618)	¥250,942
Segment income	¥ 3,761	¥11,150	¥ 2,970	¥ 17,882	¥ 95	¥ 17,977
Others						
Depreciation and amortization	¥ 3,403	¥ 3,190	¥ 2,107	¥ 8,700	¥ —	¥ 8,700
Amortization of goodwill	¥ 3,295	¥ —	¥ —	¥ 3,295	¥ —	¥ 3,295

- Notes: i. Segment income adjustments show elimination of the amount of intra-segment transactions.  
ii. Segment income is adjusted to be reported as operating income in the consolidated statement of income.  
iii. The amounts to be written off as depreciation and amortization of goodwill are allocated among the business segment on the basis of reasonable criteria.  
iv. Since companies, offices, and factories serve as the base for administrative classification of segment's assets, no allocation to the business segment is done.

## Financial Information

### Related Information

#### 1. Information by product and service

Since the Company and its consolidated subsidiaries disclose the same information in its segment information section, it has been omitted.

#### 2. Information by geographical segment

Millions of yen

					2020
	Japan	Asia	U.S.A.	Others	Total
Sales	¥121,824	¥69,239	¥40,310	¥9,353	¥240,727

Thousands of U.S. dollars

					2020
	Japan	Asia	U.S.A.	Others	Total
Sales	\$1,119,397	\$636,215	\$370,399	\$85,946	\$2,211,957

Note: Sales information is based on location of customers and it is classified by country or region.

Millions of yen

					2019
	Japan	Asia	U.S.A.	Others	Total
Sales	¥131,076	¥71,124	¥39,421	¥9,319	¥250,942

Note: Sales information is based on location of customers and it is classified by country or region.

Millions of yen

					2020
	Japan	Asia	U.S.A.	Others	Total
Property, plant and equipment	¥57,250	¥10,967	¥11,611	¥652	¥80,481

Thousands of U.S. dollars

					2020
	Japan	Asia	U.S.A.	Others	Total
Property, plant and equipment	\$526,055	\$100,778	\$106,691	\$5,991	\$739,516

Millions of yen

					2019
	Japan	Asia	U.S.A.	Others	Total
Property, plant and equipment	¥55,407	¥9,545	¥9,689	¥488	¥75,131

#### 3. Information by principal customers

Since there are no outside customers that make up more than 10% of net sales on the consolidated statement of income for the years ended March 31, 2020 and 2019, the information has been omitted.

### Information on impairment losses on non-current assets by reportable segment

Millions of yen

2020

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Impairment loss	¥—	¥—	¥—	¥—	¥545

Thousands of U.S. dollars

2020

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Impairment loss	\$—	\$—	\$—	\$—	\$5,013

Note: Since companies, offices, and factories serve as the base for administrative classification of segment's assets, no allocation to the segment of the enterprise is done.

There is no impairment loss on non-current assets for the year ended March 31, 2019.

### Information related to the amount of amortization of goodwill and the unamortized amount of goodwill by reportable segment

Millions of yen

2020

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Unamortized amount of goodwill	¥—	¥—	¥—	¥—	¥21,350

Thousands of U.S. dollars

2020

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Unamortized amount of goodwill	\$—	\$—	\$—	\$—	\$196,178

Notes: i. Since the Company and its consolidated subsidiaries disclose the same information of the amount of amortization of goodwill in the reportable segment information section, it has been omitted.

ii. Since companies, offices, and factories serve as the base for administrative classification of segment's assets, no allocation to the segment of the enterprise is done.

Millions of yen

2019

	Printing and Industrial Materials Products	Electronic and Optical Products	Paper and Converted Products	Total	Consolidation
Unamortized amount of goodwill	¥—	¥—	¥—	¥—	¥25,359

Notes: i. Since the Company and its consolidated subsidiaries disclose the same information of the amount of amortization of goodwill in the reportable segment information section, it has been omitted.

ii. Since companies, offices, and factories serve as the base for administrative classification of segment's assets, no allocation to the segment of the enterprise is done.

### Information on profit arising from negative goodwill by reportable segment

There is no profit arising from negative goodwill for the years ended March 31, 2020 and 2019.

## 22. Related Party Transactions

The Company and its consolidated subsidiaries have transactions with NP Trading Co., Ltd., a subsidiary of Nippon Paper Industries Co., Ltd. The transactions between the companies for the years ended March 31, 2020 and 2019 were as follows:

For the year	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Sales of fine & specialty paper products and converted products	¥10,899	¥11,295	\$100,148
Purchase of stencil, chemicals and equipment	4,340	4,410	39,887

At year-end	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Trade notes and accounts receivable	¥3,601	¥4,932	\$33,088
Trade notes and accounts payable	1,751	2,104	16,089
Other liabilities	3	1	29

Related party transactions are carried out on an arm's length basis similar to third party transactions.

## 23. Amounts per Share

The amounts per share of net assets and net income as of and for the years ended March 31, 2020 and 2019 were as follows:

	Yen		U.S. dollars
	2020	2019	2020
Net assets	¥2,653.80	¥2,625.54	\$24.38
Net income (basic)	133.20	179.24	1.22
Net income (diluted)	133.05	178.97	1.22

The bases for calculation were as follows:

(1) Basic and diluted net income per share

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Net income (basic) per share:			
Profit attributable to owners of parent	¥ 9,620	¥12,937	\$ 88,402
Amount not attributable to common shareholders	—	—	—
Profit attributable to owners of parent attributable to common shares	¥ 9,620	¥12,937	\$ 88,402
Weighted-average number of common shares issued during the year (thousand)	72,230	72,180	72,230
Net income (diluted) per share:			
Adjustment of profit attributable to owners of parent related to dilutive securities	¥ —	¥ —	\$ —
Adjustment of dilutive securities (thousand)	79	107	79
[Share subscription rights (thousand)]	[79]	[107]	[79]

(2) Net assets per share

	Millions of yen		Thousands of U.S. dollars
	2020	2019	2020
Total net assets	¥192,298	¥190,226	\$1,766,959
Amount deducted from total net assets	565	648	5,198
[Share subscription rights]	[128]	[160]	[1,176]
[Non-controlling interests]	[437]	[488]	[4,022]
Net assets attributable to common shares	¥191,732	¥189,577	\$1,761,761
Number of shares of common stock outstanding used in calculation of net assets per share (thousand)	72,248	72,205	72,248

## 24. Short-Term loans payable, Long-Term loans payable and Other Interest-Bearing Debts

Short-term and long-term loans payable as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2020	2019	Average interest rate	2020
Short-term loans payable	¥ 1,580	¥ 2,531	1.9%	\$ 14,521
Current portion of long-term loans payable	9,240	3,038	0.5%	84,903
Long-term loans payable	2,285	11,622	2.8%	21,000
	¥13,105	¥17,192	—	\$120,424

Note: "Average interest rate" indicates the weighted average interest rate for the closing balance of loans payable as of March 31, 2020.

Other interest-bearing debts as of March 31, 2020 and 2019 consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2020	2019	Average interest rate	2020
Short-term lease obligation	¥ 606	¥149	1.6%	\$ 5,577
Long-term lease obligation	1,441	182	2.3%	13,245

Notes: i. "Average interest rate" indicates the weighted average interest rate for the closing balance of lease obligations as of March 31, 2020.

ii. In lease obligations, "Average interest rate" corresponding to finance leases (that transfers no title to lessee) are not provided because the lease obligations in the consolidated balance sheet represent the amounts before deduction of interest equivalents from total lease payments. Besides, "Average interest rate" for lease obligations presented the above indicates the weighted average interest rate for Right-of-use assets' transactions.

Planned repayment amounts after the balance sheet date (March 31, 2020) for long-term loans payable and lease obligation are as follows:

	Millions of yen				Thousands of U.S. dollars			
	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years
Long-term loans payable	¥1,197	¥544	¥544	¥ —	\$11,000	\$5,000	\$5,000	\$ —
Lease obligation	463	346	265	147	4,259	3,186	2,443	1,353

## 25. Subsequent Event

The following distribution of retained earnings was approved at a meeting of the board of directors held on May 8, 2020.

	Millions of yen	Thousands of U.S. dollars
		2020
Cash dividends (¥39 per share)	¥2,817	\$25,890

## Management's Report on Internal Control over Financial Reporting

### Basic Framework of Internal Control over Financial Reporting

Makoto Hattori, Representative Director, President, CEO and COO of LINTEC Corporation, and Yoichi Shibano, Executive Officer and Chief Financial Officer of LINTEC Corporation, are responsible for designing and operating adequate internal control over financial reporting for the consolidated financial statements of LINTEC Corporation (the "Company") and its consolidated subsidiaries in accordance with the basic framework set forth in the "Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" issued by the Business Accounting Council.

Internal control achieves its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting for the consolidated financial statements may not completely prevent or detect misstatements in financial reporting.

### Scope of Assessment, Assessment Date and Assessment Procedures

We assessed the effectiveness of internal control over financial reporting for the consolidated financial statements as of March 31, 2020 in accordance with the standards for assessment of internal control over financial reporting generally accepted in Japan. For this assessment, we first evaluated the company-level controls which would have a material impact on the reliability of overall financial reporting on a consolidated basis. We then selected the process-level controls to be assessed based on the results of the company-level control assessment. For the process-level control assessment, we evaluated the effectiveness of internal control by analyzing processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting, and assessing the design and operation of such key controls.

We determined the scope of assessment by selecting consolidated subsidiaries based on their materiality of impact on the reliability of financial reporting. We determined their materiality of impact by considering both quantitative and qualitative aspects. The scope of our process-level control assessment was determined based on the results of our assessment of company-level controls, which included the Company and its 21 consolidated subsidiaries. We excluded 20 consolidated subsidiaries from the scope of the company-level control assessment since their quantitative and qualitative impacts were deemed insignificant.

For the purpose of determining the scope of process-level controls assessment, we selected two business locations as "Significant Business Locations," which contributed approximately two thirds of the Company's net sales on a consolidated basis for the fiscal year ended March 31, 2019. For the Significant Business Locations, we primarily included business processes related to sales, accounts receivable, and inventory in the scope of assessment as the aforementioned accounts were closely associated with the Company's business objectives. In addition, we included certain business processes in the scope of assessment not only from "Significant Business Locations" but also from all subsidiaries and affiliates, which were related to significant accounts involving estimates and management's judgment or include high-risk operations and/or transactions, as "business processes with a material impact on financial reporting."

### Assessment Result

Based on the results of our assessment with the above-mentioned scope, date and procedures, we concluded that Company's internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2020 was effective.



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## Independent Auditor's Report

The Board of Directors  
LINTEC Corporation

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of LINTEC Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management, Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit and Supervisory Committee are responsible for overseeing the Group's financial reporting process.

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**Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1(a) to the consolidated financial statements.

#### **Report on the Audit of the Management's Report on Internal Control over Financial Reporting Opinion**

We also have audited the accompanying Management's Report on Internal Control over Financial Reporting for the consolidated financial statements as at March 31, 2020 of LINTEC Corporation and its consolidated subsidiaries(the Group) (the "Management's Report").

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting for the consolidated financial statements as at March 31, 2020 is effective, presents fairly, in all material respects, management's assessment on internal control over financial reporting for the consolidated financial statements in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Management's Report section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management, Audit and Supervisory Committee for the Management's Report**

Management is responsible for designing and operating internal control over financial reporting, and for the preparation and fair presentation of the Management's Report in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Audit and Supervisory Committee are responsible for overseeing and verifying the design and operating of internal control over financial reporting.

Internal control over financial reporting may not prevent or detect misstatements.



**Auditor’s Responsibilities for the Audit of the Management’s Report**

Our objectives are to obtain reasonable assurance about whether the Management’s Report is free from material misstatement and to issue an auditor’s report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about conclusions of management’s assessment of internal control over financial reporting in the Management’s Report. The procedures selected depend on the auditor’s judgment, including the degree of impact on the reliability of financial reporting.
- Examine the overall presentation of the Management’s Report, including disclosures on scope, procedures and conclusions of management’s assessment of internal control over financial reporting.
- Obtain sufficient appropriate audit evidence regarding conclusions of management’s assessment of internal control over financial reporting in the Management’s Report. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and any material weakness in internal control that we identify as a result of the audit and its remediation conclusions.

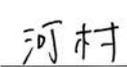
We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Conflicts of Interest**

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.

Ernst & Young ShinNihon LLC  
 Tokyo, Japan  
 June 22, 2020

   
 Designated Engagement Partner  
 Certified Public Accountant

   
 Designated Engagement Partner  
 Certified Public Accountant

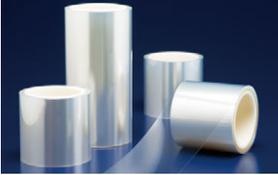
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## Corporate History

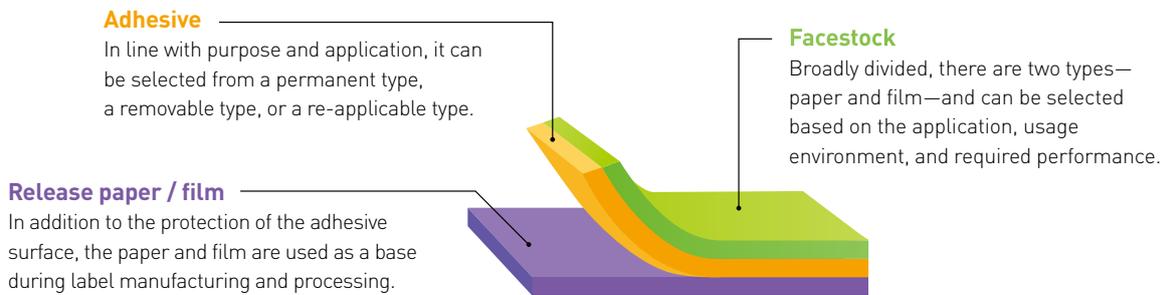
1927	April	Keisuke Shiwaku established FUJI SHOKAI in Sugamo, Tokyo Started production and sales of gummed tape for packaging
1931	August	FUJI SHOKAI was reorganized and FUJI GOMEI KAISHA was established (relocated to Itabashi, Tokyo)
1934	October	FUJI GOMEI KAISHA was reorganized and FUJI SHIKO CORPORATION was established
1960	March	Started production and sales of adhesive papers for labels and later commenced production and sales of adhesive films
1972	March	Started production and sales of labeling machines
1984	October	Company name was changed to FSK CORPORATION
1986	July	Listed on 2nd section of Tokyo Stock Exchange Developed UV curable dicing tape and made full-scale entry into the semiconductor-related product field
1987	September	MADICO, INC., became a subsidiary in the U.S.
1989	March	Approved for listing on 1st section of Tokyo Stock Exchange
1990	April	Merged with SHIKOKU PAPER CO., LTD., and SOHKEN KAKO CO., LTD., and company name was changed to LINTEC Corporation Expanded range of business activities from the fields of adhesive papers and films and related equipment to include specialty papers and release papers and films
1991		Made full-scale entry into the LCD-related product field
1994	May	PT. LINTEC INDONESIA was established
1995	January	MODERN PLASTIC INDUSTRIES CO., LTD., became a subsidiary (merged in April 1996)
	April	LINTEC SINGAPORE PRIVATE LIMITED was established
	April	LINTEC EUROPE B.V. was established
	December	Construction of new building at the Research Center
1999	March	LINTEC INDUSTRIES (SARAWAK) SDN. BHD. was established
2000	April	LINTEC INDUSTRIES (MALAYSIA) SDN. BHD. was established
	July	LINTEC ADVANCED TECHNOLOGIES (TAIWAN), INC. was established
2001	December	LINTEC ADVANCED TECHNOLOGIES (KOREA), INC. was established
2002	June	LINTEC (SUZHOU) TECH CORPORATION was established
	August	LINTEC SPECIALITY FILMS (KOREA), INC., was established
2003	June	LINTEC ADVANCED TECHNOLOGIES (PHILIPPINES), INC. was established
	August	LINTEC SPECIALITY FILMS (TAIWAN), INC., was established
	October	LINTEC ADVANCED TECHNOLOGIES (EUROPE) GMBH was established
2004	February	LINTEC ADVANCED TECHNOLOGIES (SHANGHAI), INC. was established
	August	LINTEC ADVANCED TECHNOLOGIES (MALAYSIA) SDN. BHD. was established
	September	LINTEC KOREA, INC., was established
2009	June	LINTEC VIETNAM CO., LTD. was established
2010	August	Completed reconstruction work at the Tatsuno Plant
2011	June	LINTEC (THAILAND) CO., LTD., was established
2012	November	LINTEC INDIA PRIVATE LIMITED was established
2013	December	Nano-Science & Technology Center was established
2015	January	LINTEC ASIA PACIFIC REGIONAL HEADQUARTERS PRIVATE LIMITED was established
	May	Construction of Advanced Technology Building at the Research Center
2016	October	VDI, LLC, became a subsidiary in the U.S.
	November	LINTEC GRAPHIC FILMS LIMITED,* became a subsidiary in the United Kingdom *Currently LINTEC EUROPE (UK) LIMITED
	December	MACTAC AMERICAS, LLC, became a subsidiary in the U.S.

## Product Glossary

<p><b>Adhesive products for labels</b></p>	<p>Plain adhesive papers / adhesive films before printing patterns, text, etc., or variable information such as barcodes. The lineup includes a paper base used for a wide range of applications and a film base with superior durability, water resistance, and design.</p>
<p><b>Automobile-use adhesive products</b></p>	<p>These include films for replacing paint in door sashes, films for protecting aluminum wheels on new cars, decorative films for motorcycles, etc.</p> 
<p><b>Casting papers for carbon fiber composite materials</b></p>	<p>These release papers are used as a base sheet for manufacturing composite materials composed of a sheeted form of fine, hair-like carbon fibers fixed with resin.</p>
<p><b>Casting papers for synthetic leather</b></p>	<p>In the manufacturing process for synthetic leather, these release papers are used as patterns for adding designs and gloss to the leather surface.</p>
<p><b>Films for outdoor signs and advertising</b></p>	<p>Adhesive films for signs installed outdoors, for body advertisements and decorations for trains and buses, and other applications.</p>
<p><b>Industrial-use adhesive tapes</b></p>	<p>These industrial-use adhesive products include double-sided tapes that are used for attachment and bonding of precision components of mobile devices, such as smartphones, as well as low-adhesive tapes that are used for blanking and transportation of LCD components.</p> 
<p><b>Interior finishing mounting films</b></p>	<p>These decorative films can achieve creation of diverse interior spaces through attached to interior walls, etc. In addition to materials with various textures and colors, they also take on original design decorations by digital output.</p> 
<p><b>Labeling machines</b></p>	<p>Equipment used to automatically affix labels to objects, including models that incorporate printers for the printing of logistics addresses, barcodes, etc.</p> 

<p><b>Multilayer ceramic capacitor-related tapes</b></p>	<p>These release films are used in forming hundreds of ultra-thin ceramic layers to configurate the interior structure of the capacitors.</p>	
<p><b>Optical display-related adhesive products</b></p>	<p>These are products that have undergone precision adhesive coating for lamination of optically functional films, which are essential components for LCDs and OLED displays.</p>	
<p><b>Semiconductor-related adhesive tapes</b></p>	<p>These specialty adhesive tapes are used in the semiconductor manufacturing back-end processes. They are used to protect the circuit surface when thinning semiconductor wafers through grinding, to secure wafers during dicing, etc.</p>	
<p><b>Semiconductor-related equipment</b></p>	<p>These products, which are used in semiconductor manufacturing back-end processes, include equipment for laminating/removing semiconductor-related adhesive tapes and for UV irradiation of tapes to control adhesion of the tapes.</p>	
<p><b>Specialty papers</b></p>	<p>Papers used in special applications have a variety of colors, textures, and functions, etc. They include the color papers for envelopes and colored construction papers as well as the papers used in laundry tags which have tear-resistance even when soaked with water, and the papers used in food packaging show oil and water seepage resistance.</p>	
<p><b>Window films</b></p>	<p>These adhesive films are applied to window glass in buildings, automobiles, etc. They have various effects such as improving air-conditioning efficiency in rooms and vehicles, shielding ultraviolet rays, and reducing the scattering of splinters when glass is broken.</p>	

**Diagram of Adhesive Products for Labels**



## Other Information

# Corporate Information / Investor Information

As of March 31, 2020

### Head Office

23-23, Honcho, Itabashi-ku, Tokyo 173-0001, Japan  
Phone: +81-3-5248-7711 Fax: +81-3-5248-7760  
URL: www.lintec-global.com

### Established

October 15, 1934

### Fiscal Year-End

March 31

### Common Stock

¥23,249 million  
Authorized: 300,000,000 shares  
Issued: 76,600,940 shares

### Stock Listing

Tokyo Stock Exchange, 1st Section  
Securities Code: 7966

### Shareholder Register Agent for Common Stock

Mitsubishi UFJ Trust and Banking Corporation  
1-4-5, Marunouchi, Chiyoda-ku,  
Tokyo 100-8212, Japan

### Number of Employees

4,948 (Consolidated)  
2,584 (Non-consolidated)

### Major Shareholders

Nippon Paper Industries Co., Ltd.	30.08%
Japan Trustee Services Bank, Ltd. (Trust Account)	6.07%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4.61%
National Mutual Insurance Federation of Agricultural Cooperatives	3.63%
Tamie Shoji	2.48%

### Major Subsidiaries \* Consolidated Subsidiary

#### Domestic

LINTEC COMMERCE, INC.\*  
LINTEC SIGN SYSTEM, INC.\*  
SHONAN LINTEC KAKO, INC.\*  
LINTEC SERVICES, INC.  
LINTEC CUSTOMER SERVICE, INC.  
PRINTEC, INC.  
TOKYO LINTEC KAKO, INC.

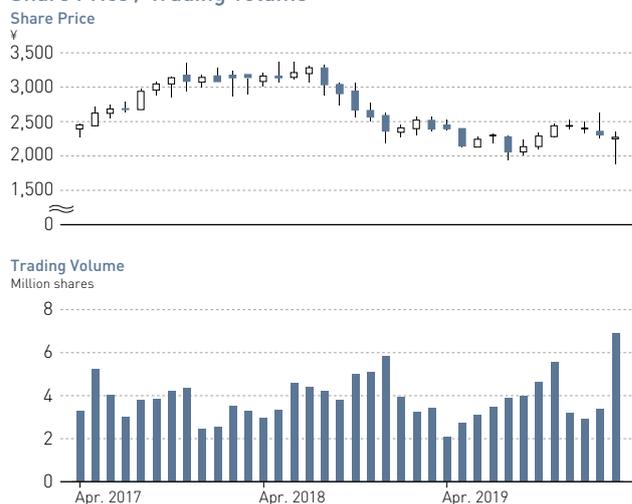
#### Overseas

LINTEC USA HOLDING, INC.\*  
LINTEC OF AMERICA, INC.\*  
MACTAC AMERICAS, LLC\*  
MADICO, INC.\*  
VDI, LLC\*  
LINTEC EUROPE B.V.\*  
LINTEC EUROPE (UK) LIMITED\*  
LINTEC ADVANCED TECHNOLOGIES (EUROPE) GMBH\*  
LINTEC (SUZHOU) TECH CORPORATION\*  
LINTEC PRINTING & TECHNOLOGY (TIANJIN) CORPORATION\*  
LINTEC ADVANCED TECHNOLOGIES (SHANGHAI), INC.\*  
LINTEC SPECIALITY FILMS (TAIWAN), INC.\*  
LINTEC HI-TECH (TAIWAN), INC.\*  
LINTEC ADVANCED TECHNOLOGIES (TAIWAN), INC.\*  
LINTEC KOREA, INC.\*  
LINTEC SPECIALITY FILMS (KOREA), INC.\*  
LINTEC ADVANCED TECHNOLOGIES (KOREA), INC.\*  
LINTEC ASIA PACIFIC REGIONAL HEADQUARTERS PRIVATE LIMITED\*  
LINTEC SINGAPORE PRIVATE LIMITED\*  
PT. LINTEC INDONESIA\*  
PT. LINTEC JAKARTA\*  
LINTEC (THAILAND) CO., LTD.\*  
LINTEC INDUSTRIES (MALAYSIA) SDN. BHD.\*  
LINTEC INDUSTRIES (SARAWAK) SDN. BHD.\*  
LINTEC KUALA LUMPUR SDN. BHD.\*  
LINTEC ADVANCED TECHNOLOGIES (MALAYSIA) SDN. BHD.\*  
LINTEC VIETNAM CO., LTD.\*  
LINTEC HANOI VIETNAM CO., LTD.\*  
LINTEC ADVANCED TECHNOLOGIES (PHILIPPINES), INC.\*  
LINTEC PHILIPPINES (PEZA), INC.\*  
LINTEC INDIA PRIVATE LIMITED\*

### Ownership and Distribution of Shares



### Share Price / Trading Volume







**LINTEC Corporation**

LINTEC Corporation  
23-23, Honcho, Itabashi-ku,  
Tokyo 173-0001, Japan  
[www.lintec-global.com](http://www.lintec-global.com)



The mark of  
responsible forestry