

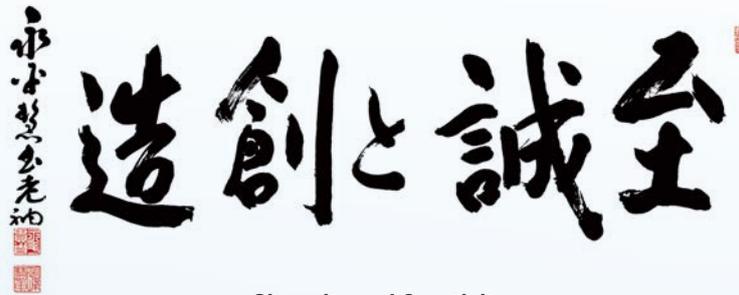


# *The sustainable growth path*

**LINTEC**  
**Integrated Report 2021**  
For the fiscal year ended March 31, 2021



## Company Motto



Sincerity and Creativity

## Mission Statement

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

## For tomorrow we build today

### Editorial Policy

This report is meant to help shareholders and investors understand the LINTEC Group and its quest to achieve sustainable growth and contribute to the further development of society as a whole. With reference to 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

Value Reporting Foundation (VRF)	“International Integrated Reporting Framework”
Ministry of Economy, Trade and Industry	“Guidance for Collaborative Value Creation”

### Positioning of Integrated Report



## 2 Overview

- P 2 Looking Ahead to 2030
- P 6 LINTEC's History
- P 8 LINTEC's Strengths
- P 10 LINTEC's Value Creation Process
- P 12 Performance Highlights

## 14 A Message from the President



## 24 Strategy

- P 25 A Message from the CFO
- P 28 Business Strategy
  - P 30 A Message from the Executive General Manager, Business Administration Div.
  - P 31 Printing and Industrial Materials Products
  - P 34 Electronic and Optical Products
  - P 37 Paper and Converted Products
- P 40 Research and Development
- P 44 Special Feature
  - Development of New Products That Help Solve Social Issues

## 46 Sustainability

- P 47 Promotion System for Sustainability
- P 48 Material Issues (Important Issues)
- P 50 Environment
- P 54 Society
- P 58 Governance
- P 66 Corporate Officers
- P 68 Messages from Independent Outside Directors
- P 70 IR Activities

## 71 Financial Information

- P 72 Management's Discussion and Analysis
  - P 74 Financial Summary
  - P 76 Consolidated Balance Sheet
  - P 78 Consolidated Statement of Income / Consolidated Statement of Comprehensive Income
  - P 79 Consolidated Statement of Changes in Net Assets
  - P 80 Consolidated Statement of Cash Flows
  - P 81 Notes to Consolidated Financial Statements
  - P 104 Management's Report on Internal Control over Financial Reporting
  - P 105 Report of Independent Auditors
- P110 Other Information**
- P 110 Glossary
  - P 112 Corporate History
  - P 113 Corporate Information / Investor Information

### Reporting Period

This report covers the period from April 1, 2020, to March 31, 2021. However, some of the information includes content from April 1, 2021, 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.

Overview

# Looking Ahead to 2030



## Global Environmental Problems

Every year, the average temperature of the planet has increased due to higher amounts of CO<sub>2</sub> and other greenhouse gases in the atmosphere. Warmer temperatures in recent years have appeared to lead to more frequent abnormal weather events, such as heat waves, cold snaps, heavy rain, drought, and stronger hurricanes. Climate change has become a serious issue for society. The pollution of oceans with plastic waste has also raised major concerns from a biodiversity preservation standpoint.





## Initiatives at LINTEC

Amid calls for decarbonization as a means to combat climate change, LINTEC aims to reduce emissions of substances that harm the environment, such as CO<sub>2</sub>, by installing new equipment and changing product formulas across the Group. We are developing environmentally friendly products by reducing plastic in products and creating plastic-free products.

### Capital Investment for Environmental Issues

---



LINTEC is converting its plants from heavy oil to gas fuel for its energy needs, and actively investing in measures to reduce environmental load, such as installing exhaust gas processing equipment and solar panels.

### Reduced-Plastic and Plastic-Free Products

---



To reduce the amount of plastic used in products, LINTEC is developing paper products instead of plastic while working to expand its lineup of products that use recycled PET film and plant-derived biomass materials.

### Energy-Saving Products

---



By developing and increasing sales of window film that effectively insulates against heat simply by applying the film to building and car windows, LINTEC is helping to conserve energy and reduce electricity usage by keeping temperatures from rising inside buildings and cars.



## Progress of Digitalization

5G high-speed communications, the Internet of Things (IoT), and artificial intelligence (AI) have proliferated, accelerating the digitalization movement in society. Even more digitalization is expected, with faster and higher-capacity communications technology and self-driving car technology. This trend will increase demand for highly functional and high-quality electronic components including semiconductors, as well as the parts and materials to produce them.





## Initiatives at LINTEC

The LINTEC Group supplies the market with tapes that are essential in the manufacturing of semiconductor chips and multilayer ceramic capacitors, many of which are used in digital devices and automobiles, in addition to adhesive processing of display materials. We support a digital society with a product development system that satisfies cutting-edge needs.

### Semiconductor-Related Adhesive Tapes / Semiconductor-Related Equipment



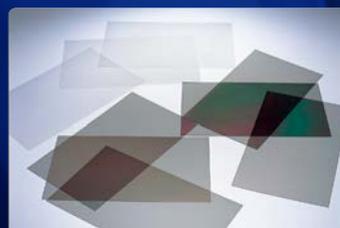
LINTEC contributes to the reduction of processing and improvement of yields by providing various kinds of adhesive tapes used to produce semiconductor chips, and original equipment for applying and releasing these adhesive tapes.

### Multilayer Ceramic Capacitor-Related Tapes



LINTEC supplies release film used in the production process for multilayer ceramic capacitors, and its products are widely used in high-end capacitors that require high quality.

### Optical Display-Related Adhesive Products



LINTEC is developing optical clear adhesive sheets for applying parts and materials to touch screens, in addition to adhesive processing of polarizing film used in displays.



# 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 paper-making technologies for specialty paper, and a manufacturer with production technologies for release paper and film. This significant initiative resulted in the foundation of LINTEC Corporation. Since the merger of these three companies, we have accelerated global development with the aim of expanding business.

## 1960s

Started production and sales of adhesive paper and film 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

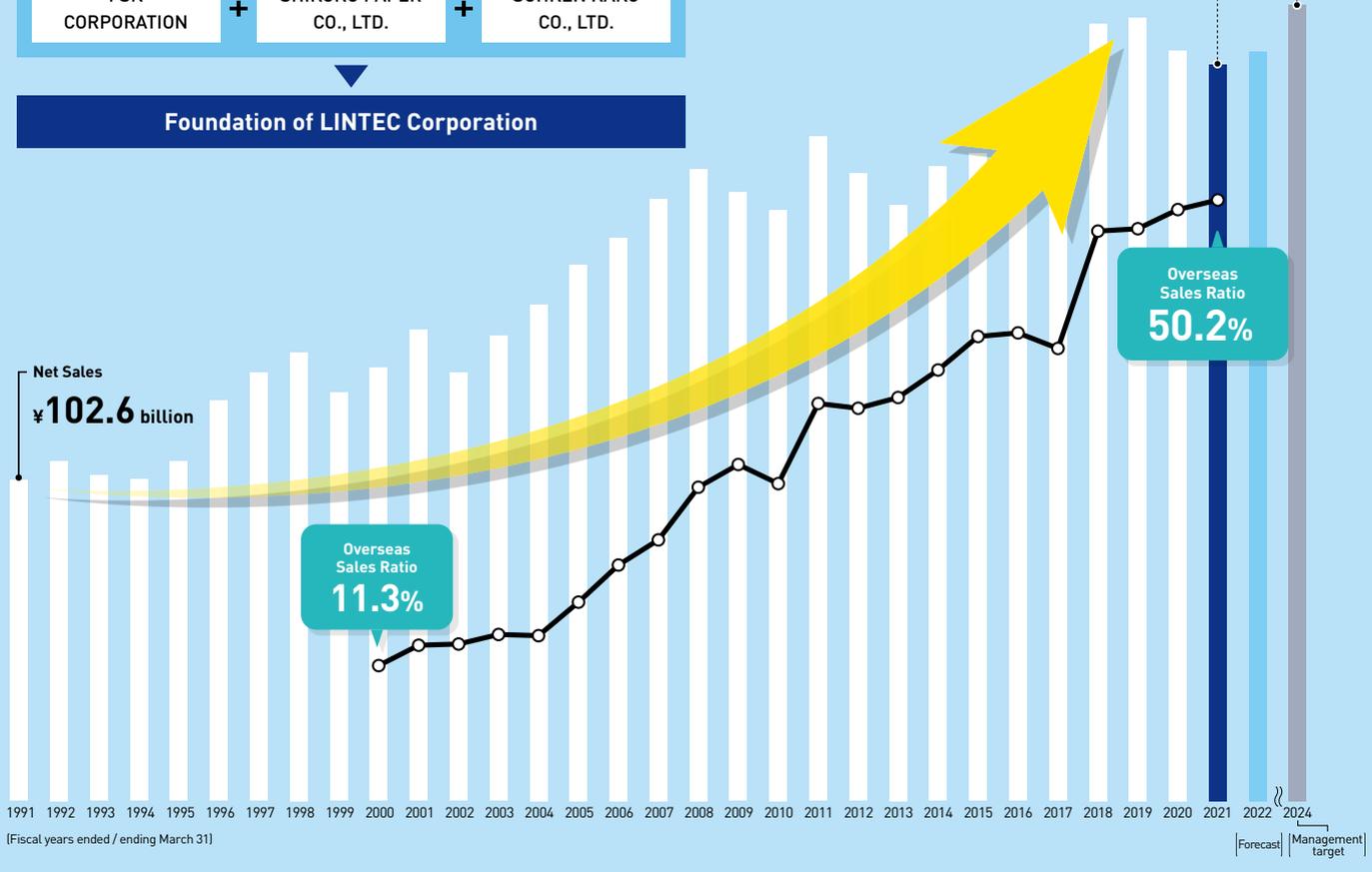


**Medium-term Business Plan**  
 LSV 2030-Stage 1  
 (April 2021 to March 2024)

Management target  
 Consolidated net sales

**¥255.0 billion**

Net Sales  
**¥235.9 billion**



(Fiscal years ended / ending March 31)

Forecast | Management target



Gummed tape

## 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 paper and film, 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 paper, release paper and film, and other products.

## 1990s

In 1991, we made a full-scale entry into the optical display-related products field, and in 1994 we established a production subsidiary in Indonesia for adhesive paper and film 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.



Optically functional film for liquid crystal displays (LCDs)



LINTEC KOREA, INC.

## 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, optical display-related, and other fields. In addition, we established semiconductor-related product sales subsidiaries in Asia, Europe, and the United States, and, as a result, the electronics and optical-related businesses became a major driver of the Group's growth. Moreover, we took steps to further accelerate our global business development, such as establishing a production subsidiary for label-related business in China in 2002.

## Since 2010

In 2010, we completed the rebuilding of the Tatsuno Plant (Hyogo Prefecture), which is our main plant for adhesive paper and film for labels. Furthermore, in 2015, we established the Advanced Technology Building at the Research Center (Saitama Prefecture). Through these types of initiatives, we strengthened our production and R&D system in Japan. Overseas, in 2011, we established a production subsidiary in Thailand. After 2016, we acquired four companies in Europe and the U.S. in a bid to expand operations in the fields of Printing and Industrial Materials Products. In April 2021, LINTEC started its new medium-term business plan LSV 2030-Stage 1 in line with its long-term vision for 2030.



MACTAC AMERICAS, LLC

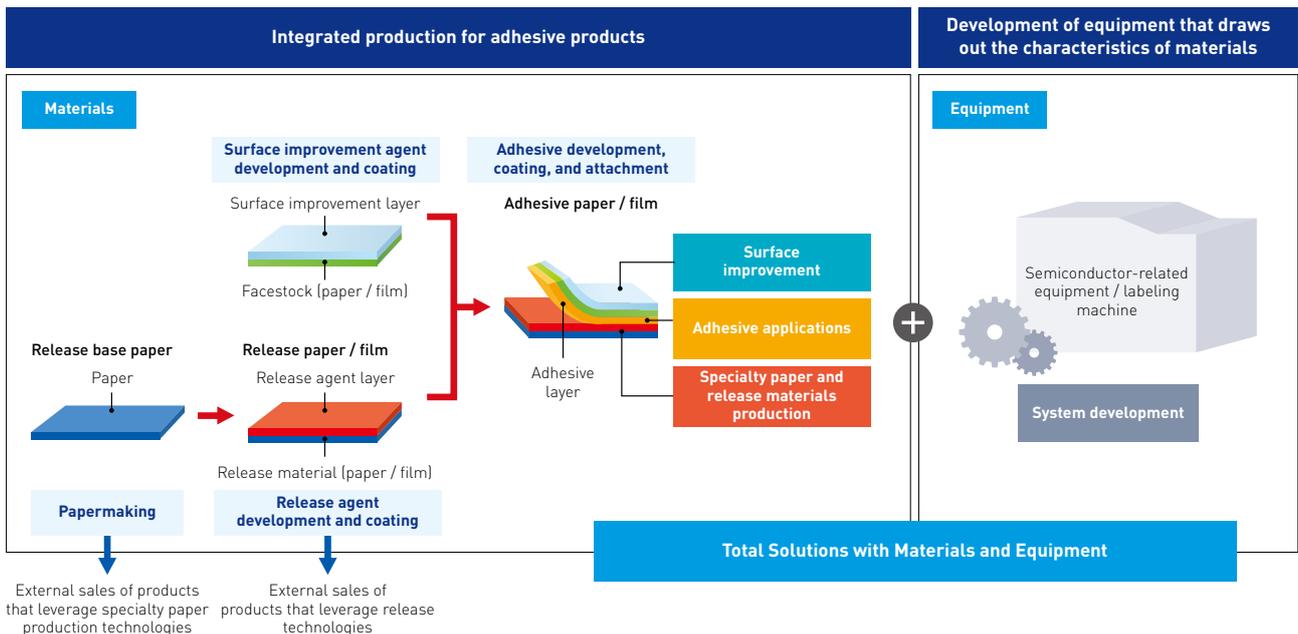
# Three Major Strengths That Support Growth

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 the production of release base paper to release agent coating on paper and film and the improvement of the processing of facestock, which is 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.



## 2

### Establishing a Unique Position in a Broad Range of Fields

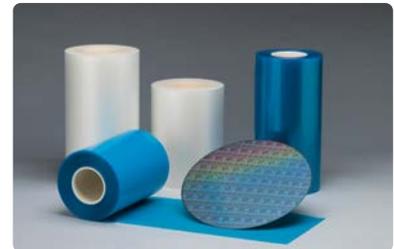
Many of the products that we manufacture and sell are intermediate materials that are difficult for consumers to see. However, we are providing these products as components that are indispensable for end products, and we have many products with leading shares in niche markets. In addition, another distinctive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



Color paper for envelopes



Adhesive products for labels



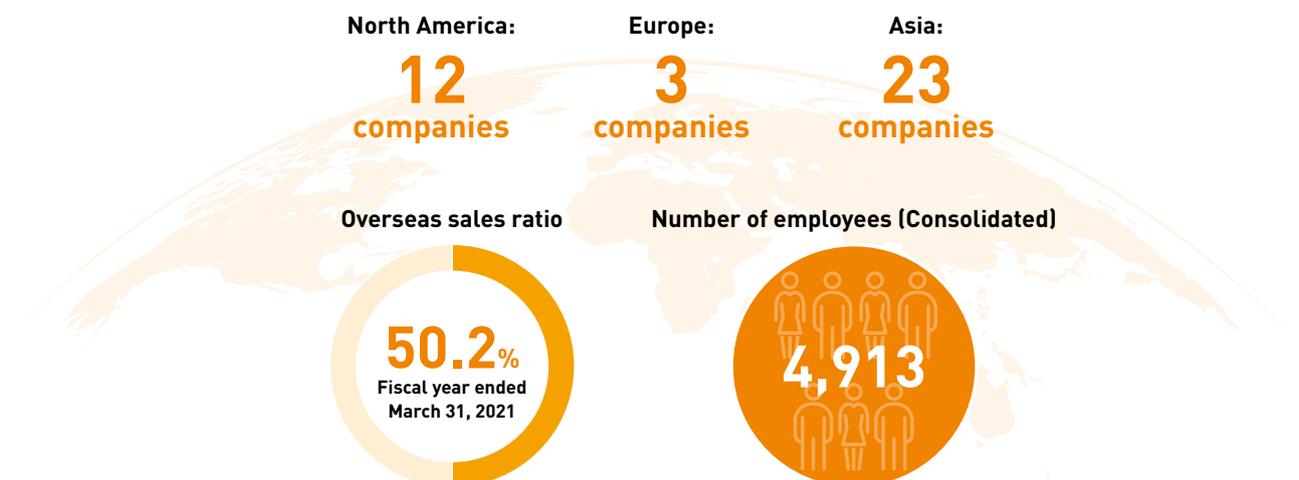
Semiconductor-related tape

## 3

### Aggressively Advancing Business Globalization

With domestic markets maturing 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 approximately 40 consolidated subsidiaries with about 5,000 employees in 19 countries and regions, and our overseas sales ratio has increased to more than 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, 2021)



# 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 proactively invested in the future to create new value. Through this value creation process, the LINTEC Group aims to contribute to the realization of a sustainable society by striking a balance between sustainable growth and the development of society.

## Asset Accumulation

Four Core Technologies



Comprehensive Product Supply System in Japan and Overseas



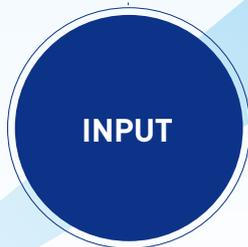
Diverse Human Resources and Corporate Culture



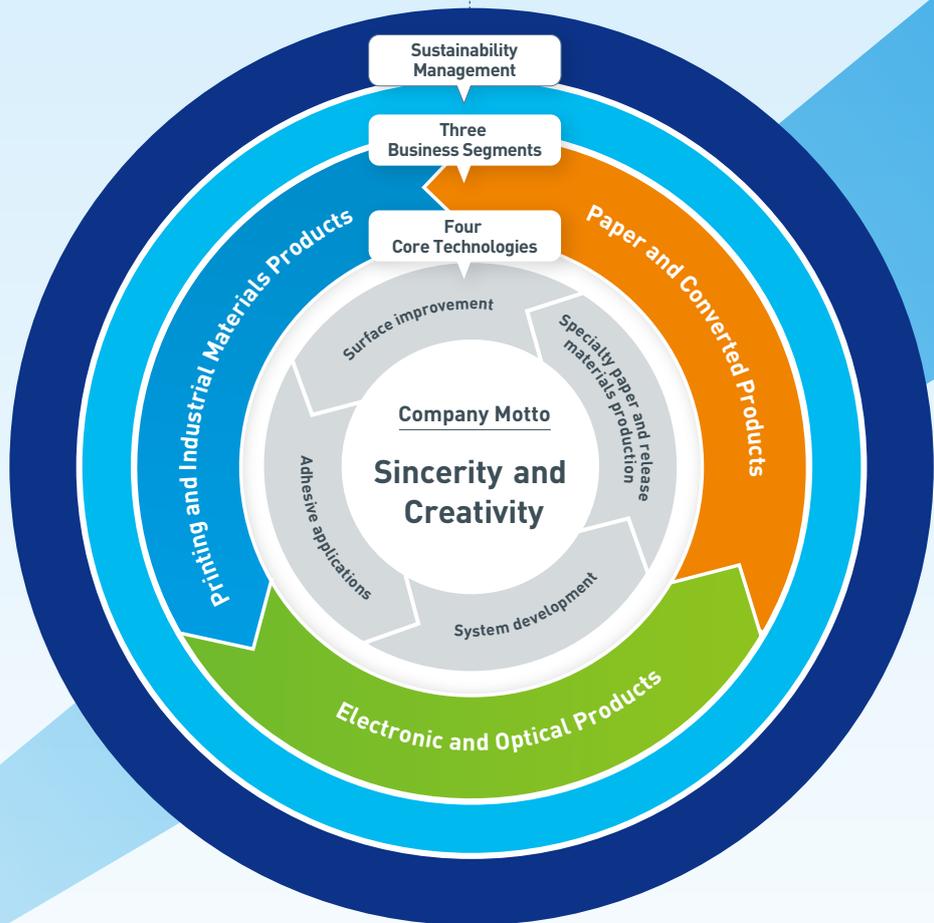
Solid Financial Base



Relationship of Trust with Stakeholders



## LINTEC's Unique Strengths



## Long-term vision



- Key Initiatives**
- 1 Solve social issues
  - 2 Foster innovation to build a robust corporate structure
  - 3 Create new products and businesses to deliver sustainable growth

OUTPUT

Contribute to the realization of a sustainable society

Help achieve the SDGs

Creation of economic value

Supply products to a broad range of markets



- P 32 Printing & Variable Information Products Operations
- P 33 Industrial & Material Operations
- P 35 Advanced Materials Operations
- P 36 Optical Products Operations
- P 38 Fine & Specialty Paper Products Operations
- P 39 Converted Products Operations

Creation of social value

Materiality initiatives



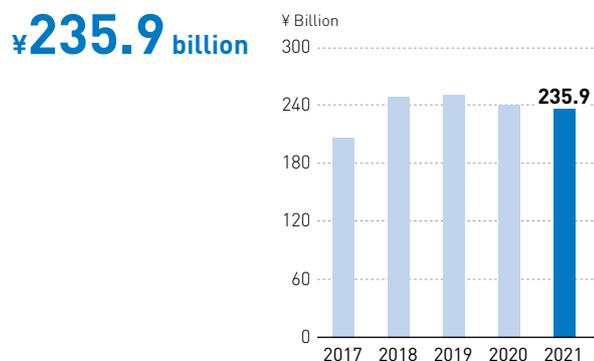
- P 48 Material Issues (Important Issues)
- P 50 Environment
- P 54 Society
- P 58 Governance

## 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.

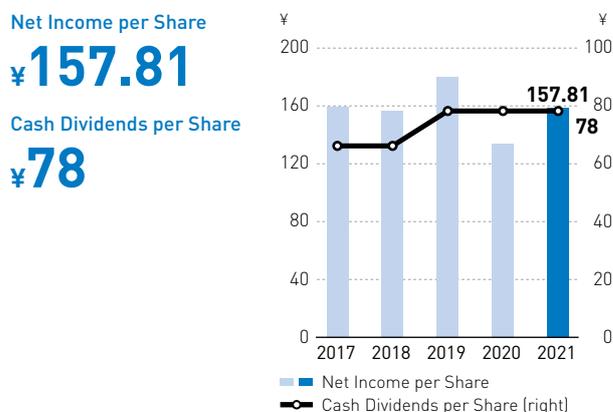
### Financial Information

#### Net Sales



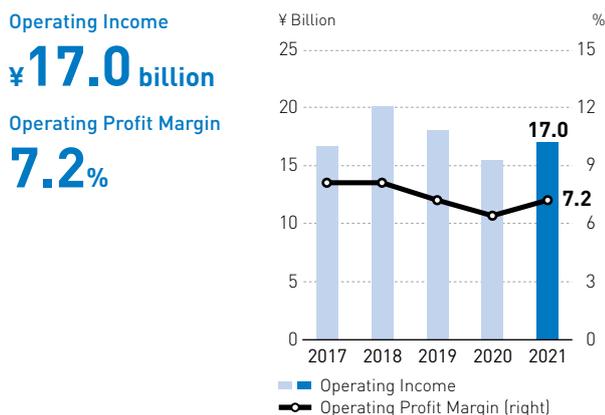
Sales increased in Advanced Materials Operations but declined in other operations amid weak demand due to the COVID-19 pandemic. As a result, net sales were down.

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



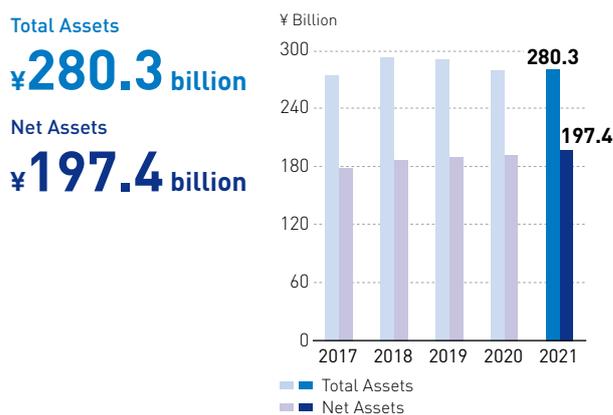
Net income per share was ¥157.81. Based on its basic policy of providing a stable and continued dividend, the Company paid a dividend of ¥78 per share, the same as in the previous fiscal year, with a dividend payout ratio of 49.4%.

#### Operating Income / Operating Profit Margin



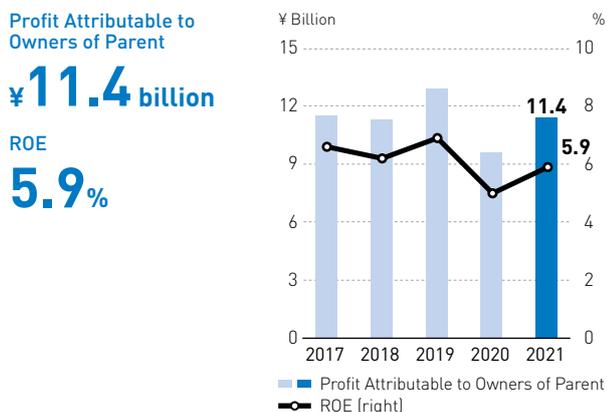
Operating income expanded, owing to higher sales in Advanced Materials Operations and lower prices for key raw materials, such as pulp and petrochemical products. The operating profit margin also improved.

#### Total Assets / Net Assets



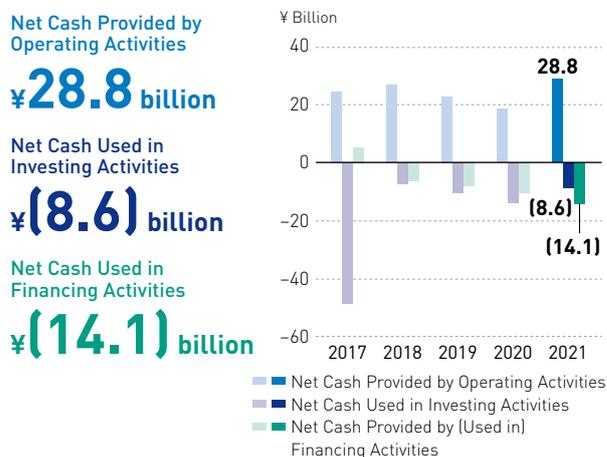
Total assets increased due to growth in cash and deposits as well as other factors. Net assets also expanded, reflecting an increase in retained earnings. The equity ratio was 70.2%.

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



In addition to growth in operating income, loss on retirement of non-current assets and impairment loss on goodwill associated with a U.S. subsidiary both decreased, resulting in higher profit attributable to owners of parent and an improvement in ROE.

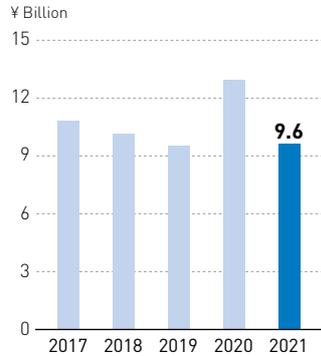
#### Cash Flows



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 repayments of long-term loans payable.

### Capital Expenditures

**¥9.6 billion**



Capital expenditures totaled ¥9.6 billion due to the expansion of the release film coating facility at the Agatsuma Plant (Gunma Prefecture); the introduction of facilities to reduce CO<sub>2</sub> emissions; production base restructuring accompanying the management rationalization at MADICO, INC., in the U.S., etc.

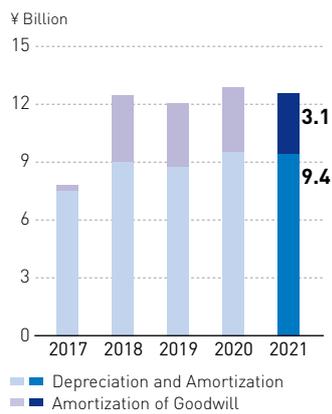
### Depreciation and Amortization / Amortization of Goodwill

**Depreciation and Amortization**

**¥9.4 billion**

**Amortization of Goodwill**

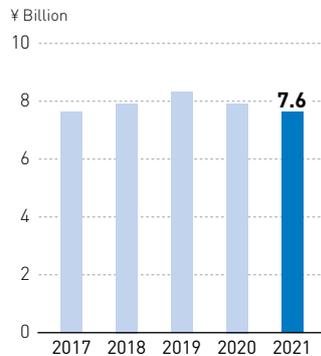
**¥3.1 billion**



Depreciation and amortization were ¥9.4 billion. Also, amortization of goodwill was ¥3.1 billion, due principally to the amortization of goodwill resulting from the acquisition of MACTAC AMERICAS, LLC, at the end of 2016.

### R&D Expenses

**¥7.6 billion**

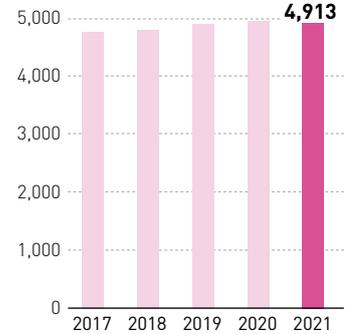


R&D expenses were ¥7.6 billion, with Printing and Industrial Materials Products accounting for ¥2.7 billion; Electronic and Optical Products for ¥3.7 billion; and Paper and Converted Products for ¥1.2 billion.

## Non-financial Information

### Number of Employees

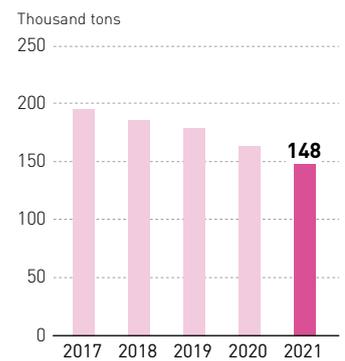
**4,913**



On a consolidated basis, the number of employees was 4,913, a decrease of 35 employees year on year. On a non-consolidated basis, LINTEC had 2,618 employees, up 34 from the previous year.

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

**148 thousand tons**



CO<sub>2</sub> emissions volume was down 15,000 tons year on year, to 148,000 tons. This was attributable to the installation of new facilities at production bases to reduce environmental impacts, and lower production volumes, etc.

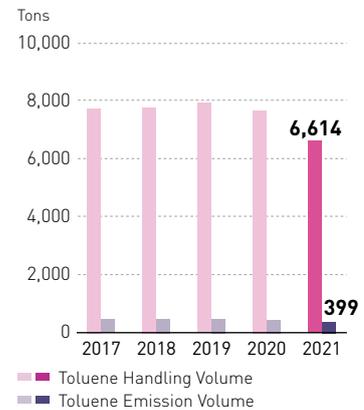
### Toluene Handling Volume / Toluene Emission Volume

**Toluene Handling Volume**

**6,614 tons**

**Toluene Emission Volume**

**399 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-less products, etc.