

A Message from the President



Makoto Hattori

Representative Director
President, CEO and COO

We are making steady progress on the new medium-term business plan with the aim of achieving our long-term vision LSV 2030.

Review of Fiscal Year Ended March 31, 2021

The fiscal year ended March 31, 2021, my first year as president of LINTEC, was intended to mark the commencement of a new medium-term business plan after the end of the previous plan, LINTEC INNOVATION PLAN 2019 (LIP-2019), which concluded in the fiscal year ended March 31, 2020. However, in preparation for applying the Accounting Standard for Revenue Recognition from the fiscal year ending March 31, 2022, the Company instead took steps toward achieving its single-year targets. To sum up the fiscal year under review, I would define it as a period when the Company was seriously affected by the COVID-19 pandemic, which emerged at the tail end of the previous fiscal year. As global economic activity slumped, demand weakened in most of our product and business fields. However, in Advanced Materials Operations, which focuses on products

related to semiconductors and electronic components, demand was robust thanks to the proliferation of teleworking and stay-at-home demand. When we announced the financial results of the second quarter in November 2020, we lowered our full-year forecasts of business results in light of weak performance in the first half. However, in February 2021 the Company raised its forecasts due to signs of a gradual recovery in economic activity, as well as the recovery of earnings in each business operation in the second half. In other words, it was a challenging year to formulate accurate forecasts. Ultimately, net sales finished higher than our upwardly revised forecast. Profit reached a new record high in Electronic and Optical Products and, overall, performance was stronger than we initially anticipated, which was a satisfactory result in a challenging year.

Consolidated Business Results in Fiscal Year Ended March 31, 2021

	Initial full-year forecasts (as of May 2020)	Downward revision to full-year forecasts (November 2020)	Upward revision to full-year forecasts (February 2021)	Results	Previous year's results
Net Sales	¥240.0 billion ▶	¥226.0 billion ▶	¥233.0 billion ▶	¥235.9 billion	¥240.7 billion
Operating Income	¥15.0 billion ▶	¥13.0 billion ▶	¥16.0 billion ▶	¥17.0 billion	¥15.4 billion
Profit Attributable to Owners of Parent	¥11.0 billion ▶	¥8.5 billion ▶	¥10.5 billion ▶	¥11.4 billion	¥9.6 billion

Background to Formulation of the Long-term Vision

Under the previous medium-term business plan, LIP-2019, the Company implemented measures to attain its targets for consolidated net sales of ¥270.0 billion, operating income of ¥25.0 billion, and both an operating income margin and ROE of more than 9% by the fiscal year ended March 31, 2020—the concluding year of the plan. In the previous plan's first year, we got off to a good start with consolidated net sales of ¥249.0 billion and operating income of ¥20.1 billion. In the second and third years of the plan, however, LINTEC was adversely affected by

U.S.–China trade friction and inventory adjustments in electronics-related markets. In the last year of the plan, we fell well short of our targets with consolidated net sales of ¥240.7 billion, operating income of ¥15.4 billion, an operating income margin of 6.4%, and ROE of 5.0%.

In light of these results, we realized that formulating and executing three-year business plans based on existing business trajectories is inadequate for plotting a future direction for the Company, and we therefore decided to create a long-term

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vision to map out the route the LINTEC Group should take up to 2030. Accordingly, we will formulate and execute medium-term business plans every three years as milestones toward realizing this vision. After much internal discussion, we believe the LINTEC Group, through its business activities, should help resolve social issues including global warming, global

population growth, the declining birth rate, the aging population and population decline in Japan, and the ongoing COVID-19 pandemic. With sustainability as a key word, we drew up our long-term vision, LINTEC SUSTAINABILITY VISION 2030 (LSV 2030), and a new medium-term business plan, LSV 2030-Stage 1, through the fiscal year ending March 31, 2024.

Previous Medium-term Business Plan

LINTEC INNOVATION PLAN 2019 (LIP-2019)

Period: From April 2017 to March 2020

Basic Policy: Deepening innovation aimed at driving new growth

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 that 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

	Numerical Targets for Final Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2020
Net Sales	¥270.0 billion	¥240.7 billion
Operating Income	¥25.0 billion	¥15.4 billion
Operating Profit Margin	More than 9%	6.4%
ROE	More than 9%	5.0%

Basis of the Long-term Vision

We formulate and execute medium-term business plans every three years as milestones toward achieving our vision for 2030.



Outline of the Long-term Vision LSV 2030

The basic policy of LSV 2030 is to contribute to realizing a sustainable world by strengthening the corporate structure through innovation and creating new products and businesses for sustainable growth, with the following three key initiatives and financial indicators.

Solve Social Issues

The first initiative is to help solve social issues by stepping up our efforts in ESG*1 and the SDGs.*2 In its environmental initiatives, which are our contribution to achieving a carbon-free world, the LINTEC Group aims to reduce CO₂ emissions by 50% or more by 2030, compared with the fiscal 2013 level, and achieve net zero emissions by 2050 through the installation of solar power and cogeneration systems at its production bases, as well as through the utilization of green electricity from renewable energy sources. Furthermore, the Company is building a recycling system for release paper and release film and expanding the range of recyclable products, biomass products, and biodegradable products with the intention of moving closer to a recycling-oriented world. In addition, the Company aims for zero atmospheric emissions of volatile organic compounds (VOCs) by 2030 through the use of high-performance exhaust gas processing equipment, while also moving toward solvent-less products in the coating process for adhesives and release agents.

On the social front, while respecting human rights, the LINTEC Group seeks to be highly regarded for its business activities by disclosing information in a timely manner to build good relationships with stakeholders. For work-style reforms, the Company promotes diversity, including in its systems, while encouraging employees to balance work with life, such as by teleworking. In addition to putting quality and customers first, we aim to provide products and services that exceed the expectations of our customers, ultimately improving corporate value.

In terms of governance, the Company aims to improve the effectiveness of its Board of Directors by proactively appointing outside directors who have objective viewpoints, a wealth of knowledge, and extensive experience. We intend to strengthen governance by ensuring appropriate information disclosure and transparency, as well as by enhancing and advancing constructive dialogues with shareholders and investors.

As for the SDGs, we are accelerating efforts centered on the SDGs Committee, a Companywide organization that was created in 2018. We aim to be a group of companies that can contribute to the achievement of the SDGs through our business activities.

Target for Reducing CO₂ Emissions

At least 50%
by 2030 compared with fiscal 2013 level

*1 ESG: Environmental, social, and governance—three fields that companies should focus on to sustain growth

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

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Foster Innovation to Build a Robust Corporate Structure

Our second initiative is to foster innovation to build a robust corporate structure, because we believe it is necessary to have such a corporate structure to contribute to the realization of a sustainable society. As the business environment surrounding the LINTEC Group rapidly changes, it will retain its competitive advantages by strongly pushing for change in design, development, manufacturing, logistics, and business processes through digital transformation (DX) projects. With regard to the production equipment at all of our plants, we are reviewing coating methods and drying processes. We will also scrap and build equipment with the aim of saving energy, increasing quality and efficiency, and reducing labor. By updating production processes, we intend to sharpen our cost competitiveness. Moreover, by reviewing businesses and products with few growth prospects and low margins, LINTEC is advancing a sweeping restructuring to improve the health of management at Group companies with sluggish earnings. The Company aims to maximize profits by executing these measures and keenly engaging in R&D, with the purpose of increasing capital efficiency while maintaining a solid financial foundation.

Create New Products and Businesses to Deliver Sustainable Growth

The third and final initiative is to create new products and businesses, which is essential to sustaining growth. Using our accumulated unique technologies and development capabilities, we aim to create new products and businesses with technological innovations and novel ideas that break stereotypes. LINTEC is developing products that help solve social issues, mainly focusing on the fields of electronics, energy, thermal, resources and emissions, and the 3Rs (reduce, reuse, and

recycle). We are also taking a flexible approach to both M&A in cases when synergies seem possible and strategic investments to expand growth businesses. Moreover, we must establish localization so that overseas Group companies can expand earnings autonomously and at their own pace. The Company intends to sharpen its competitiveness further by creating products that align with market needs and procuring raw materials locally, based on the concept of local production.

Financial Indicators for Fiscal Year Ending March 31, 2030

Financial indicators for the fiscal year ending March 31, 2030, the final year of our vision, include an operating income margin of at least 12% and ROE of a minimum of 10%. LINTEC is keen to improve profitability and realize returns far in excess of the cost of capital. We did not set numerical targets for net sales and operating income because of uncertainties related to future laws, regulations, and accounting standards, thinking that it would not be prudent to use these metrics as 10-year targets. We also believe it would not be appropriate to commit to a major sales target while being unable to ascertain whether new, growing businesses will succeed or not. For this reason, our long-term vision includes only profitability metrics as numerical targets. In past medium-term business plans, the Company tended to emphasize net sales and operating income. In contrast, our new long-term vision is a break from this past, as it focuses more on profitability and capital efficiency. In aiming for sustained growth as a company, it is naturally important for LINTEC to pursue higher levels of net sales and operating income. Accordingly, these targets will be included in the new and subsequent three-year medium-term business plans.



Long-term Vision

LINTEC SUSTAINABILITY VISION 2030 (LSV 2030)



Basic Policy: Contribute to realizing a sustainable world by strengthening the corporate structure through innovation and creating new products and businesses for sustainable growth

Key Initiatives

① Solve social issues

(1) Environment

- Help to shape a carbon-free world
- Help to shape a recycling-oriented world
- Comply with the PRTR Act
- Contribute to biodiversity preservation initiatives

(2) Society

- Respect human rights
- Provide proper information disclosure to stakeholders
- Promote work-style reform initiatives
- Promote the quality-first and customer-first approaches

(3) Governance

- Strengthen corporate governance
- Further increase effectiveness of the Board of Directors
- Ensure the timely disclosure of corporate information and the transparency of management
- Engage in constructive dialogue with stakeholders and investors

(4) Ensure that business activities help to achieve the Sustainable Development Goals (SDGs)

② Foster innovation to build a robust corporate structure

- (1) Transform business processes including design, development, manufacturing, and logistics through digital transformation (DX)
- (2) Install new production equipment through scrap and build, with the aim to conserve energy, raise quality, increase efficiency, and reduce labor
- (3) Strengthen cost competitiveness with innovation in production processes
- (4) Reform the structure of low-growth and unprofitable businesses and soundly manage Group companies
- (5) Maintain a solid financial base and improve capital efficiency

③ Create new products and businesses to deliver sustainable growth

- (1) Create new products and businesses driven by technological innovation
- (2) Expand strategic investment and flexibly conduct mergers and acquisitions (M&A)
- (3) Move aggressively to win a greater presence in the global market
- (4) Establish localization

Financial indicators for the fiscal year ending March 31, 2030

Operating Profit Margin **12% or more**

ROE (Return on Equity) **10% or more**

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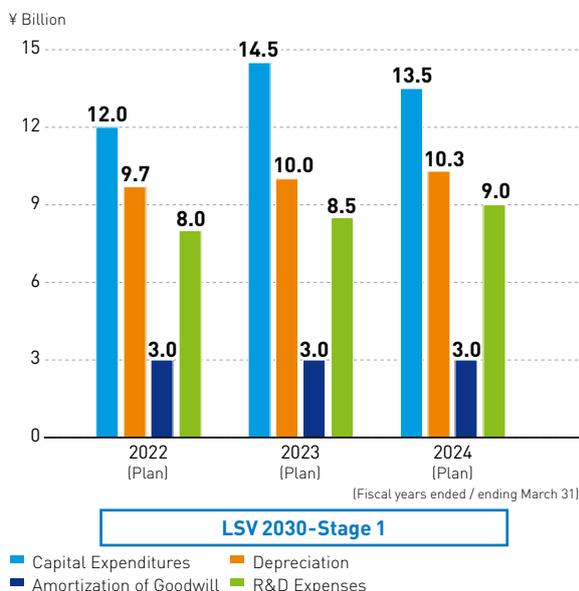
New Medium-term Business Plan LSV 2030-Stage 1

Launched with the realization of our long-term vision in mind, LSV 2030-Stage 1 is our new medium-term business plan that finishes in the fiscal year ending March 31, 2024. Under this new plan, the Company targets net sales of ¥255.0 billion, operating income of ¥21.0 billion, profit attributable to owners of parent of ¥14.0 billion, an operating income margin of 8% or higher, and ROE of 7% or higher by the plan's concluding year. I would like to ensure that we achieve this plan as the first milestone for our 2030 vision.

Immediately following the launch of LSV 2030-Stage 1, LINTEC began implementing a variety of measures. In April 2021, the Company updated its promotion system by replacing the previous CSR promotion framework with the Sustainability Committee, which is headed by myself, in order to strengthen LINTEC's sustainability efforts through development of the CSR activities we have been promoting. With the approval of a resolution by the General Meeting of Shareholders held in June, the Company reinforced its governance structure by having a one-third ratio of independent outside directors on its Board of Directors. On the business side, LINTEC acquired DURAMARK PRODUCTS, INC., a manufacturer of adhesive products in the U.S., in April, with the intention of expanding its production capacity.

We have budgeted ¥40.0 billion for capital investments over the next three years, including for installing both equipment to help reduce CO₂ emissions and equipment for producing semiconductor-related adhesive tape and multilayer ceramic capacitor-related tape, demand for which is likely to remain brisk, as well as for upgrading the Company's factories to improve quality and cut production costs.

Capital Expenditures / Depreciation / Amortization of Goodwill / R&D Expenses



Total amount for three-year period of LSV 2030-Stage 1

Capital expenditures ¥40.0 billion	Depreciation ¥30.0 billion
Amortization of goodwill ¥9.0 billion	R&D expenses ¥25.5 billion

Main Initiatives in Each Business Segment

As for main initiatives in the Printing and Industrial Materials Products segment, in Printing & Variable Information Products, LINTEC is expanding production bases and strengthening marketing capabilities in North America and Asia, while aiming to improve earnings by reinforcing QCD (quality, cost, and delivery) efforts. To further generate synergies with the MACTAC Group, LINTEC is concentrating on expanding sales in Japan and Asia for hot melt products, such as labelstock suitable for use in chilled environments, in addition to furthering the development of the North American market for high-value-added LINTEC products. In Industrial & Material Operations, our priority is to increase sales worldwide while developing high-performance window film products. Additionally, we aim to develop and bring to market new automotive adhesive products

that contribute to the reuse and recycling of parts through materials where high frequencies are used for joining and releasing functions.



Labelstock suitable for use in chilled environments

With regard to Advanced Materials Operations of the Electronic and Optical Products segment, LINTEC is strengthening its product supply structure to meet robust demand in semiconductor- and electronic component-related markets and working tirelessly to develop new products for next-generation device production processes. Concerning products that use carbon nanotubes, LINTEC aims to commercialize pellicles used as anti-dust covers on extreme ultraviolet (EUV) lithography systems on the leading-edge of semiconductor production process technologies. In Optical Products Operations, meanwhile, the Company seeks to develop and increase sales of new products, including optical clear adhesive (OCA) sheets for automobiles, and develop adhesives for next-generation displays, such as those used in foldable smartphones, and thinning adhesives.

In Fine & Specialty Paper Products Operations of the Paper and Converted Products segment, to address demand related to the move away from plastic in recent years, LINTEC is keen to grow sales of food containers that use oil- and water-resistant paper such as food wrappers for fast-food chains, as well as high-performance specialty paper that helps reduce food loss. Turning to Converted Products Operations, as part of strengthening its initiatives for the environment, LINTEC will promote the use of solvent-less release paper to lower the use of organic solvents and atmospheric emissions of VOCs, and endeavor to expand its range of products that do not use polyethylene resins. We are also trying to increase sales of casting paper for synthetic leather used in automobile seats and interiors.

Acquisition of U.S.-Based DURAMARK PRODUCTS, INC.

On April 1, the LINTEC Group acquired DURAMARK PRODUCTS, INC., a manufacturer of adhesive products in the U.S. The company has not only production facilities for formulation of various adhesives and high-speed coating of adhesive products for labels but also an integrated production structure for graphic film, such as decorative wall coverings. With this acquisition, DURAMARK PRODUCTS was added to the group for MACTAC AMERICAS, LLC, LINTEC's subsidiary and industry peer in the U.S. We expect the acquisition of DURAMARK PRODUCTS to provide a synergistic boost from higher sales thanks to expanded production capacity for label adhesive products and lower costs from the in-house production of graphic film. We aim to expand earnings in the North American market as it continues to steadily grow.

Outline of DURAMARK PRODUCTS, INC.

Company name	DURAMARK PRODUCTS, INC. (company name changed to MACTAC, INC., on April 8)
Founded	1983
Location	South Carolina, U.S.
Business	Production and sale of adhesive products for labels and graphic film
Net sales	\$76 million (fiscal year ended December 31, 2020)
Acquisition price	Approx. \$60 million (100% ownership)



New Medium-term Business Plan

LSV 2030-Stage 1



Management targets for the fiscal year ending March 31, 2024 (final year)



* LINTEC unveiled LSV 2030-Stage 1 on March 18, 2021. To reflect the acquisition of U.S.-based DURAMARK PRODUCTS on April 1 of the same year, the Group carried out an investigation and review, then changed its net sales forecast from the original ¥240.0 billion to ¥255.0 billion. However, it did not modify its profit forecasts because the anticipated impact of said acquisition is minor.

* Accounting Standard for Revenue Recognition has been adopted since the fiscal year ending March 31, 2022.

Main Initiatives for Each Business Segment

Printing and Industrial Materials Products

Printing & Variable Information Products Operations

- Expand production bases and strengthen sales capabilities overseas, including the United States and Asia

Industrial & Material Operations

- Expand sales of window film and develop high-performance products in Japan and overseas

Electronic and Optical Products

Advanced Materials Operations

- Expand market share of semiconductor- and electronic component-related products through active investment

Optical Products Operations

- Develop adhesives for next-generation displays

Paper and Converted Products

Fine & Specialty Paper Products Operations

- Develop and expand sales of new products that promote deplasticization and reduce food loss

Converted Products Operations

- Promote solvent-less and polyethylene-free release paper

* Please see pages 31–39 for details about initiatives in each business operation.

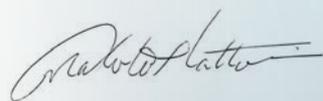
In Closing

The keys to achieving the financial indicators in our long-term vision are creating new products and businesses and improving earnings through rationalization and optimization of existing businesses. The fact that the Electronic and Optical Products segment currently accounts for approximately 80% of operating income is not ideal, and we urgently need to address unprofitable businesses and rebuild overseas Group companies. There have been some comments from shareholders and investors that we should consider withdrawing from low-margin businesses; even the semiconductor industry, which has been on a growth trajectory, periodically goes through a corrective phase. Protecting employment is important from an ESG perspective, especially amid the aforementioned circumstances, and LINTEC intends to build an optimal business portfolio while reassessing how best to balance its resources and analyzing and addressing issues in each business.

LINTEC has set up a variety of development-focused entities—such as the New Project Planning Office, the Technical Planning Office, and the Next Generation Innovation Group—for creating new products and businesses. While keeping abreast of needs in each domain, which vary in terms of target markets

and development time frames, LINTEC will build a structure able to supply new products as early as possible. At every opportunity, I convey to all employees of the LINTEC Group that I would like them to think about what kinds of products there should be from a customer perspective, namely their own perspective, when considering market needs. This line of thinking leads to the development of products that customers truly desire and products that exceed those expectations. Although it is important to create products at the request of customers, I believe the market will come to value LINTEC more if we can create new products by tapping into emerging needs.

The LINTEC Group's long-term vision, LSV 2030, is not perfect. We plan on refining it, incorporating the opinions of outside directors on the Sustainability Committee, and having each division and department hold regular discussions, with consideration paid to changes in business conditions and the state of new product development. With our sights set on realizing LSV 2030, we are working in unison as a company to achieve the objectives outlined in LSV 2030-Stage 1. I am grateful to and ask for the unwavering support of our shareholders and investors in this regard going forward.



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Representative Director
President, CEO and COO

