

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

Focus on Increasing Profitability and Capital Efficiency

Yoichi Shibano

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



Review of Fiscal Year Ended March 31, 2021, and Outlook for Fiscal Year Ending March 31, 2022

Backed by strong demand related to semiconductors and electronic components as teleworking took off, sales expanded in Advanced Materials Operations during the fiscal year ended March 31, 2021. Although signs of recovery appeared in other operations from the third quarter, weak demand during the COVID-19 pandemic had an outsized impact, resulting in a second straight year of decline in consolidated net sales. Operating income expanded 10%, with record-setting profit in the Electronic and Optical Products segment thanks to robust performance in Advanced Materials Operations.

For the fiscal year ending March 31, 2022, although the pandemic makes it hard to draw accurate projections, LINTEC

targets growth in both sales and profits on the assumption that business conditions will gradually recover, with governments enacting economic stimulus and more people getting vaccinated around the world. Looking at recent conditions, demand continues to show an overall recovery, but with the pandemic still an unpredictable factor, we are closely watching trends in prices for pulp, which remain high, and petrochemical raw materials prices. The Company has adopted the Accounting Standard for Revenue Recognition from the fiscal year ending March 31, 2022, and estimates this change will reduce net sales ¥13.6 billion.

FY2021 Consolidated Results and FY2022 Forecasts

	Fiscal year ended March 31, 2021 (year on year)	Fiscal year ending March 31, 2022 (year on year)
Net Sales	¥235.9 billion (down 2.0%)	¥240.0 billion (up 1.7%)
Operating Income	¥17.0 billion (up 10.3%)	¥17.5 billion (up 2.8%)
Profit Attributable to Owners of Parent	¥11.4 billion (up 18.6%)	¥12.5 billion (up 9.6%)

* Forecasts for the fiscal year ending March 31, 2022, reflect the application of the Accounting Standard for Revenue Recognition. The year-on-year figures are shown for reference.

A Message from the CFO

Financial Condition and Investment Strategy

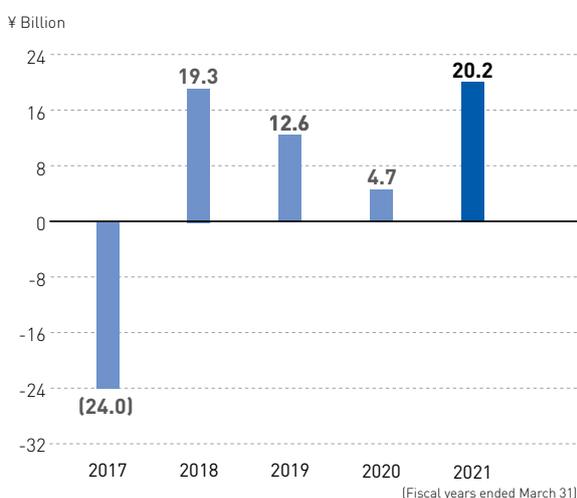
The LINTEC Group is financially sound, with a high equity ratio of 70.2% as of March 31, 2021. The Company has approximately ¥62.0 billion in cash, and only ¥5.0 billion in borrowings. Shareholders and investors often ask how we plan to use this cash going forward. Approximately 60% of this cash is held by overseas consolidated subsidiaries as working capital and funds for equipment, and the remaining 40% is kept at the parent as reserve funds for market fluctuations. At less than two months of non-consolidated net sales, this amount of cash is not unmanageable, in our opinion.

We are keen to make the necessary investments from a stable financial foundation. Under the medium-term business plan, LSV 2030-Stage 1, which started in the fiscal year ending March 31, 2022, ¥40.0 billion has been budgeted over the three years of the plan for investments to expand production of electronics-related products likely to see high demand, and environment-related investments that are increasingly expected of a manufacturer. At the same time, LINTEC will consolidate its production facilities and make its plants smarter. In the initial fiscal year of the plan, the Company will target investments of approximately ¥12.0 billion for expanding capacity for release film coating equipment at its Agatsuma Plant (Gunma Prefecture) and release paper coating equipment at its Kumagaya Plant (Saitama Prefecture), as well as install equipment to reduce CO₂ emissions at all of its plants.

Regarding M&A, the LINTEC Group will consider promising deals with an open mind and, if one is found, Administration Division will carefully evaluate profitability and risks. In April

2021, LINTEC acquired DURAMARK PRODUCTS, INC., a maker of adhesive products in the U.S. We believe this acquisition will spur growth in earnings on the stably expanding North American market, anticipating synergies such as cost reductions from the in-house production of graphic film, and the expansion of production capacity in the same business at MACTAC AMERICAS, LLC, which was turned into a subsidiary in 2016. The acquisition of DURAMARK PRODUCTS, INC., generated negative goodwill of approximately ¥0.3 billion, which was booked as an extraordinary profit in the first quarter of the fiscal year ending March 31, 2022.

Free Cash Flows



Initiatives to Increase Profitability and Capital Efficiency

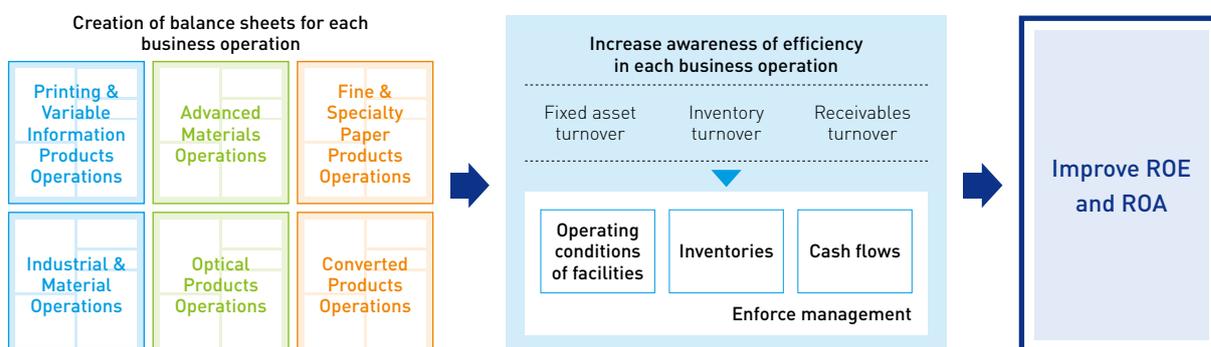
One of the Group’s advantages is its stable financial foundation, but low levels of profitability and capital efficiency in some businesses have become a serious issue. The Printing and Industrial Materials Products segment, which accounted for about 50% of consolidated net sales, recorded an operating loss of ¥0.2 billion in the fiscal year ended March 31, 2021, as earnings deteriorated during the pandemic. The Company’s countermeasure teams are rebuilding the business with the aim of improving profitability by reviewing raw materials, increasing yields, and reducing fixed costs while collaborating with the Business Administration Div., Production Div., Procurement Div., and Research & Development Div.

To better understand and manage capital efficiency in each business operation, we plan to create balance sheets for each of them starting in the fiscal year ending March 31, 2022.

This will facilitate the proper management of assets and analysis of reasons for unprofitability. Setting turnover ratios for inventories and fixed assets as KPIs, we intend to create a work environment where all employees are more aware of margins and profitability.

In addition, it is important to advance DX projects with the objective of improving operations Companywide. In the Administrative Div. that oversees information system-related matters, we are already implementing projects for data visualization with business intelligence tools and are digitalizing internal approval processes. However, we must further accelerate our DX projects going forward. With the cooperation of the Business Process Re-engineering Office, we will evaluate the rollout of new systems to enhance productivity.

Flow of balance sheets for each business operation

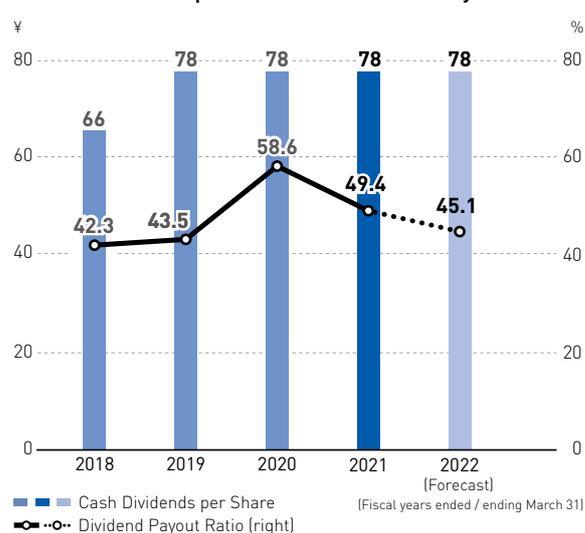


Enhancement of Shareholder Returns

LINTEC's basic policy for shareholder returns is to provide stable and continued dividends with consideration for each fiscal year's consolidated performance, while also working to strengthen our management foundation. Under this policy, the Company distributed an annual dividend of ¥78 per share in the fiscal year ended March 31, 2021. Based on its estimate for net income of ¥172.91 per share, we plan to pay the same dividend of ¥78 per share for the fiscal year ending March 31, 2022, for a dividend payout ratio of 45.1%.

The Company is considering putting more emphasis on DOE as an indicator in its dividend policy, even though it was not incorporated when drawing up the long-term vision and medium-term business plan. By setting a minimum level for DOE, it would be possible to consistently distribute the stable dividend linked to performance that LINTEC has been aiming for. Improving returns for shareholders is one of the most important issues for management, and we are internally discussing the best way to allocate profits.

Cash Dividends per Share / Dividend Payout Ratio



My Mission as CFO

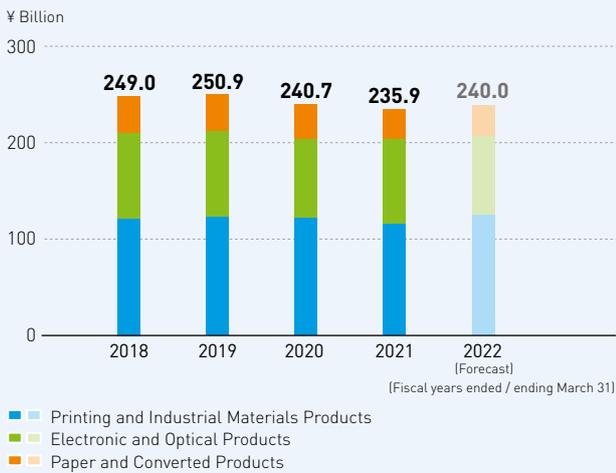
With an eye on 2030, our first move during the fiscal year ending March 31, 2022, will be to create balance sheets for each business operation, setting various themes for each one, such as maintaining a strong financial position, addressing changes in accounting standards, and accelerating announcement of consolidated results. Setting targets for ROE and ROA does not give a majority of employees a concrete idea of what to do, so we have made an effort to explain the meaning and

importance of these financial indicators. We will clarify the specific measures that need to be taken to increase capital efficiency, while identifying the assets that belong in each business operation, and how efficiently these assets generate profits. We also aim to support the realization of our long-term vision by increasing operational efficiency with DX and strengthening global financial management.

Showcasing Our Value through Our Products

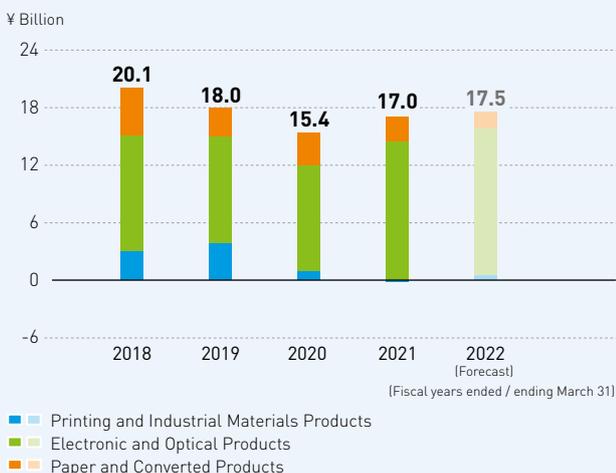
LINTEC has cultivated four core technologies over many years, and by combining these technologies in a sophisticated manner, the Company has developed numerous groundbreaking products. Under the Business Administration Div., six operations bring these products to market and help address issues in a variety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

Consolidated Net Sales



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.

Consolidated Operating Income



* Forecasts for the fiscal year ending March 31, 2022, reflect the application of the Accounting Standard for Revenue Recognition.

See page 31 for details.

Printing and Industrial Materials Products

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

Percentage of total sales:

49%

(Fiscal year ended March 31, 2021)

See page 34 for details.

Electronic and Optical Products

Main Products

Advanced Materials Operations

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

Optical Products Operations

- Polarizing films / adhesive processing
- Touch screen-related products

Percentage of total sales:

38%

(Fiscal year ended March 31, 2021)

See page 37 for details.

Paper and Converted Products

Main Products

Fine & Specialty Paper Products Operations

- Color papers for envelopes
- Colored construction papers
- Special function papers
- High-grade printing papers
- Construction material papers

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

Percentage of total sales:

13%

(Fiscal year ended March 31, 2021)

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

We rapidly address changing market needs on the way to realizing our vision.

I believe LINTEC's mission is to remain a corporate group that is meaningful to society by supplying many products that are needed around the world. A major theme in our long-term vision through 2030 is ensuring that our business activities help to achieve the Sustainable Development Goals (SDGs). To do so, we must sustain growth as a company and reinforce the resilience of our corporate structure. Printing and Industrial Materials Products, which should normally support the Group's earnings as a core business, posted an operating loss due to a slump in the market during the COVID-19 pandemic in the fiscal year ended March 31, 2021. However, we intend to quickly restore profitability by reviewing the business structure and restructuring overseas subsidiaries.

Amid rapid changes in the market environment, with advances in digital technology and growing needs to be environmentally conscious, the LINTEC Group must quickly respond to these changes by fully leveraging its proprietary technological capabilities and strengths that have been built up over the years. Paper has drawn attention as an environmentally responsible material.

One of LINTEC's biggest strengths is its broad product lineup, from specialty paper to adhesive products, and if we can develop paper with new functionality, this would lead to the creation of adhesive products that take advantage of this functionality. From a Companywide perspective, we aim to develop products that are innovative in this way. Furthermore, we will aggressively implement capital expenditure in creating groundbreaking new products and businesses. The SDGs Committee, where I serve as an officer in charge of their promotion, has come up with various ideas to help solve social issues, and we aim to put them into action soon.

In the fiscal year ended March 31, 2021, the LINTEC Group's overseas sales ratio rose above 50% for the first time ever, and the Company must increase this ratio further to sustain growth. In addition to strengthening relationships with Japanese companies operating overseas, we will work closely with local client companies and raw materials makers with the objective of establishing localization.



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 Markets

-  Food related
-  Consumer electronics related
-  Building related
-  Daily necessities related
-  Distribution and logistics related
-  Automobile related

Strengths

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

Opportunities

- Increase in environmental awareness around the world
- Growth in online sales market

Weaknesses

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

Threats

- Sluggish growth for the domestic market as a whole, full-scale entry into the domestic market by large overseas manufacturers
- Emergence of local makers in Southeast Asia, and tougher competition with them
- Slump in domestic and overseas markets due to COVID-19

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 1

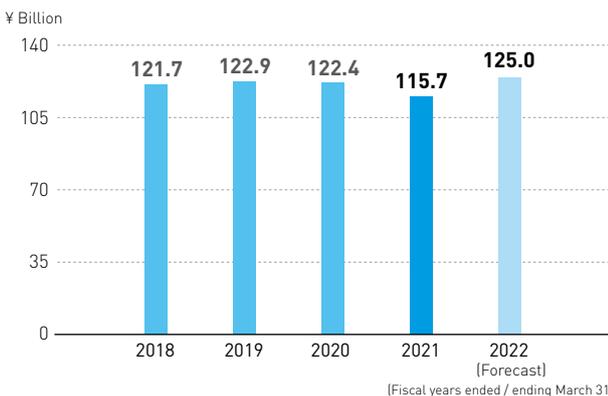
Printing & Variable Information Products Operations

- Expand production bases and strengthen sales capabilities overseas, including the U.S. and Asia
- Generate synergies with the MACTAC Group
- Pursue initiatives to coexist harmoniously with the environment and help build a recycling-oriented world
- Strengthen QCD and increase profits

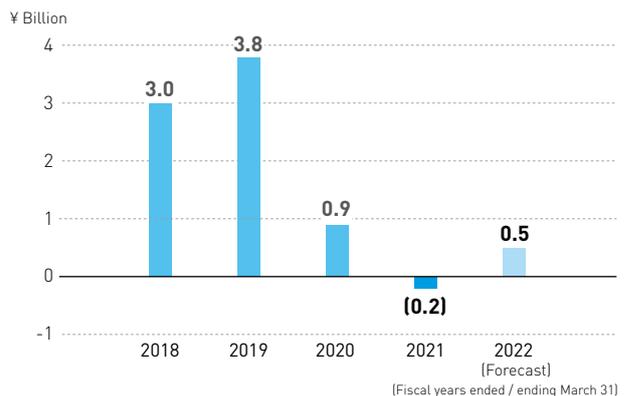
Industrial & Material Operations

- Expand sales of window film and develop high-performance products in Japan and overseas
- Expand sales of automated systems centered on labeling technology
- Launch new automotive products
- Develop wall covering materials by applying digital printing

Net Sales by Segment



Operating Income (Loss) by Segment



* Forecasts for the fiscal year ending March 31, 2022, reflect the application of the Accounting Standard for Revenue Recognition. These forecasts include business results at DURAMARK PRODUCTS, INC. (now MACTAC, INC.), which was acquired on April 1, 2021.

Printing & Variable Information Products Operations

Main Products

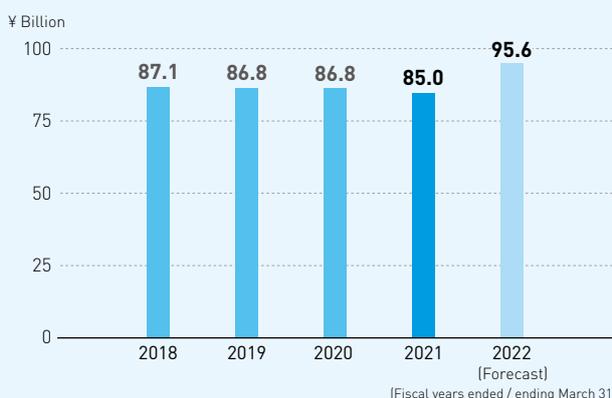
- Adhesive papers and films for labels
- Adhesive papers and films for barcode labels



Business Operations Introduction

Accounting for approximately 36% of the sales of the LINTEC Group, these are its largest operations. They manufacture and sell adhesive paper and film for labels, which are used in a wide range of fields. We have a leading share of Japan's market for adhesive film, which has 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. subsidiary MACTAC AMERICAS, LLC.

Net Sales: Printing & Variable Information Products Operations



* From the fiscal year ending March 31, 2022, all products belonging to Industrial & Material Operations at MACTAC AMERICAS have been transferred to Printing & Variable Information Products Operations.

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

In the fiscal year ended March 31, 2021, demand for food-related labels was solid in Japan as more people ate store-bought ready-made meals at home. However, demand for labels used on cosmetics and toiletries declined, owing to a fall in demand as people refrained from leaving their homes and a reduction of inbound demand due to a lack of foreign tourists visiting Japan. Overseas,

demand was firm in the U.S., but continued to decline through the third quarter in China and Southeast Asia as the pandemic put a damper on the movement of people and cargo around the world. It was a very challenging year.

Masaaki Yoshitake

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



The medium- to long-term strategy for this operation centers on overseas development and environmental considerations. We are moving to strengthen the production and sales structure in Asia, where major growth is likely, and the adhesive products market in North America, which continues to grow at a stable pace. In April 2021, LINTEC acquired a maker of adhesive products in the U.S. in a bid to expand its production capacity and eliminate supply shortages in North America. There is a growing need to move away from plastic and this trend will likely accelerate in the future. This will make it harder to prosper in this market unless products are environmentally friendly. LINTEC is strengthening its efforts to promote solvent-less products by using hot-melt processing technology and to utilize more recycled PET materials, as well as biodegradable and biomass materials. At the same time, we are eyeing new business opportunities by expanding our product lineup and proactively marketing products where labels can be cleanly removed after the product has been used and products with special functions. While addressing environmental concerns, LINTEC is also focusing efforts on reviewing product designs and reducing costs by streamlining products.

Industrial & Material Operations

Main Products

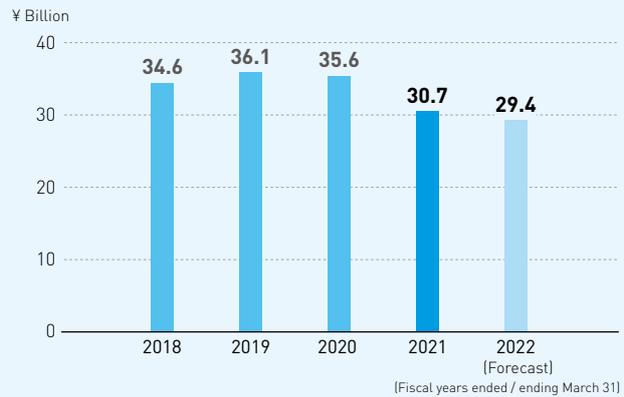
- Window films
- Films for outdoor signs and advertising
- Interior finishing mounting films
- Automobile-use adhesive products
- Industrial-use adhesive tapes
- Labeling machines



Business Operations Introduction

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

Net Sales: Industrial & Material Operations



* From the fiscal year ending March 31, 2022, all products belonging to Industrial & Material Operations at MACTAC AMERICAS have been transferred to Printing & Variable Information Products Operations.

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

This operation is involved in a diverse range of product domains, a majority of which were adversely affected by the pandemic during the fiscal year ended March 31, 2021. Industrial systems-related demand was solid for delivery lines, mainly labeling machines, as growth in online sales accelerated due to stay-at-home demand. However, construction-related products, which handle decorative materials for buildings, saw sales decline sharply as events were postponed or canceled. Sales of automotive-related products and window film decreased as the drop in the first half was too steep to be overcome by a recovery on the Chinese market from the second half.

I was appointed the executive general manager of this operation in April 2021, and I believe the most important issue for the operation is transforming into one able to generate profits. While aiming to expand sales, we will proactively reassess unprofitable products. On the sales side, instead of trying to catch up with other companies, we must develop innovative products and drive growth on markets. In window film, a mainstay product, while working on the development of new products with novel functionality, the Company will utilize the production facilities of LINTEC (THAILAND) CO., LTD., and strengthen the product supply and sales structures in Southeast Asian markets. In the industrial systems-related business, which has been doing well lately, LINTEC aims to develop new markets outside online sales while reinforcing development and sales of new equipment that are one step ahead of market needs. In automotive-related products, the market is currently in a

transition period toward electric vehicles, and LINTEC is keen to develop and propose new products with an eye on the rapidly emerging needs of automakers.

Hideki Miyake

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



Electronic and Optical Products

Advanced Materials Operations / Optical Products Operations

Main Markets



Communications device related



Consumer electronics related



Automobile related



Industrial equipment related

Strengths

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

Opportunities

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

Weaknesses

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

Threats

- Tougher price competition on the LCD panel market
- Supply chain disruptions caused by natural disasters

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 1

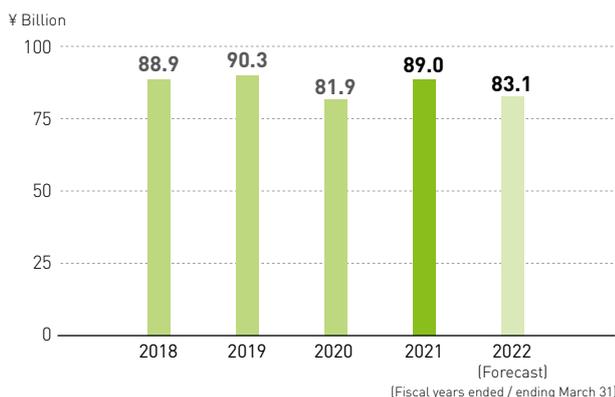
Advanced Materials Operations

- Expand market share of semiconductor- and electronic component-related products through active investment
- Develop thin-film, high-density, multilayer products for next-generation device manufacturing processes
- Develop adhesive tape for semiconductor processes used in power devices for automobiles and MEMS (Micro Electronic Mechanical Systems)
- Launch carbon nanotube products

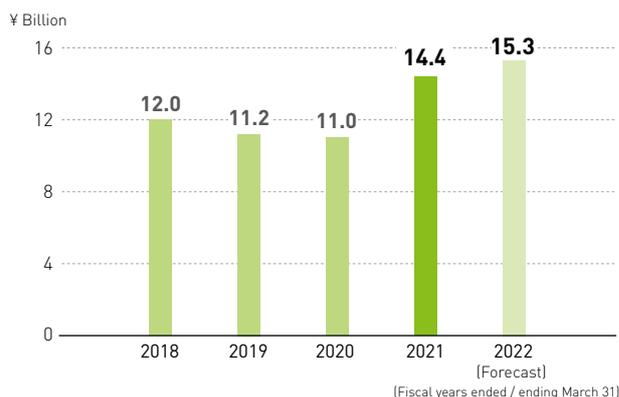
Optical Products Operations

- Develop adhesives for next-generation displays
- Develop and expand sales of new optical clear adhesive (OCA) products
- Enter new markets for light diffusion film

Net Sales by Segment



Operating Income by Segment



* Forecasts for the fiscal year ending March 31, 2022, reflect the application of the Accounting Standard for Revenue Recognition. In addition, some products in Paper and Converted Products were transferred to Electronic and Optical Products from the fiscal year ending March 31, 2022.

Advanced Materials Operations

Main Products

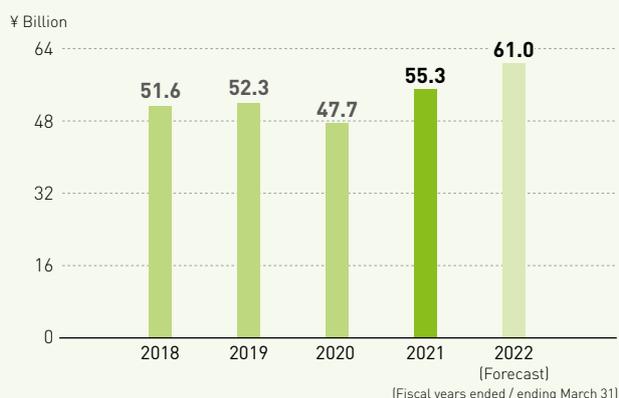
- Semiconductor-related adhesive tapes
- Semiconductor-related equipment
- Multilayer ceramic capacitor-related tapes



Business Operations Introduction

We are building a unique position in the electronics industry, which is expected to continue to record substantial growth. Our products include specialized adhesive tape that plays an important role in semiconductor manufacturing and mounting processes, and we also make equipment that fully leverages this tapes' special features. In addition, we produce and sell release film that is 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 ended March 31, 2021, concerns mounted amid the two global problems of prolonged U.S.–China trade friction and the COVID-19 pandemic. For Advanced Materials Operations, it was a fantastic year with record-high sales driven by changes on the smartphone market and the rapid advance of digitalization. While demand remained at strong levels, the cold snap in the U.S. in February 2021 disrupted operations at suppliers and made it harder to procure some product materials. While doing our utmost to steadily supply products, we will use this opportunity to review and strengthen our supply chains.

The three years of LSV 2030-Stage 1 are framed as a period for reinforcing the business foundation with an eye on future growth. LINTEC will smarten and digitalize business operations with DX projects and strengthen sales management systems at overseas subsidiaries, while expanding its production structure to meet strong demand on the market. At the same time, LINTEC will improve existing products, rebuild facilities, and become more environmentally friendly. Creating new products is also an essential element of future growth. The Company is keen to develop pellicles for EUV lithography systems as cutting-edge anti-dust covers used in the process of forming electronic circuits on semiconductor wafers, tape used in the micro LED production process, and

modules that take advantage of the Seebeck effect to generate electricity through temperature differences. In the future, we aim to develop business for developing and proposing innovative semiconductor production processes.

Kinya Mochida

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



Optical Products Operations

Main Products

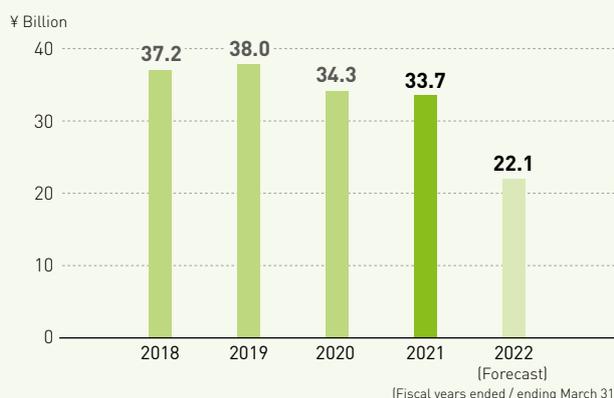
- Polarizing films / adhesive processing
- Touch screen-related products



Business Operations Introduction

In Optical Products Operations, LINTEC produces and sells adhesive products for a variety of optical displays using its development technology for special adhesives and surface coating agents, its precision coating technology, and its high-performance production facilities. In addition to mainly carrying out adhesive processing of polarizing film used in LCD and OLED displays, the Company is working to launch and increase sales of new products, such as OCA sheets used in automotive touch screens.

Net Sales: Optical Products Operations



* We forecast a steep decline in sales due to the application of the Accounting Standard for Revenue Recognition in the fiscal year ending March 31, 2022.

A Message from the Executive General Manager, Optical Products Operations

In the fiscal year ended March 31, 2021, earnings fell sharply in the first half in the adhesive processing business for polarizing film used in TVs and smartphones in Japan, but in the second half, demand rebounded quickly. At our production subsidiaries in Korea and Taiwan, the trend for TV-related products was the same as in Japan, but teleworking needs led to strong demand for products

used in laptops and desktop monitors throughout the entire year. In businesses other than polarizing film, sales grew for OCA sheets for automotive applications in the second half, resulting in solid performance overall.

The medium- to long-term outlook for the display market entails tougher competition from the emergence of Chinese rivals in recent years. The LINTEC Group is plotting a growth path for high-end applications that require high quality, and has been strengthening ties with the partner polarizing film manufacturer. We intend to sharpen our competitiveness by developing next-generation display adhesives. Furthermore, we must nurture new businesses outside operations related to adhesive processing for polarizing film. One priority product is automotive OCA, and we are developing solvent-less types for environmental considerations and new types with enhanced followability on curved surfaces, both of which maintain their superior durability. We are also keen to expand sales and discover new applications for light diffusion film, which efficiently scatters incoming light in optimal directions, and high-barrier film that keeps moisture out.



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 Markets



Stationery related



Industry related



Aircraft related



Food related



Automobile related

Strengths

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

Opportunities

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

Weaknesses

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

Threats

- Progression toward becoming paperless due to factors such as the spread of teleworking
- Soaring prices for key raw materials, including imported pulp
- Slump in domestic and international markets due to the spread of COVID-19 infection

Main Initiatives in Medium-term Business Plan LSV 2030-Stage 1

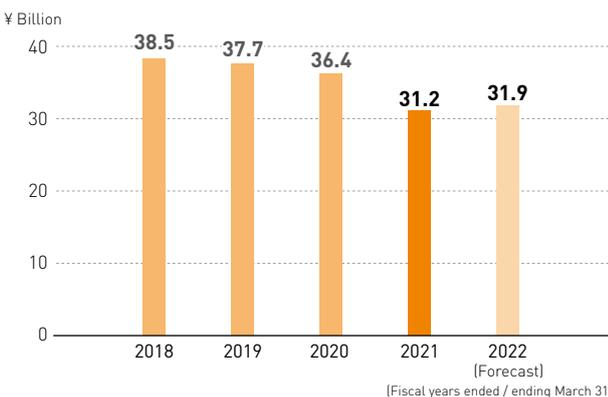
Fine & Specialty Paper Products Operations

- Develop and expand sales of new products that promote deplasticization and reduce food loss
- Develop and market new products
- Roll out new applications by strengthening competitiveness of existing products
- Expand sales of special function paper to overseas markets

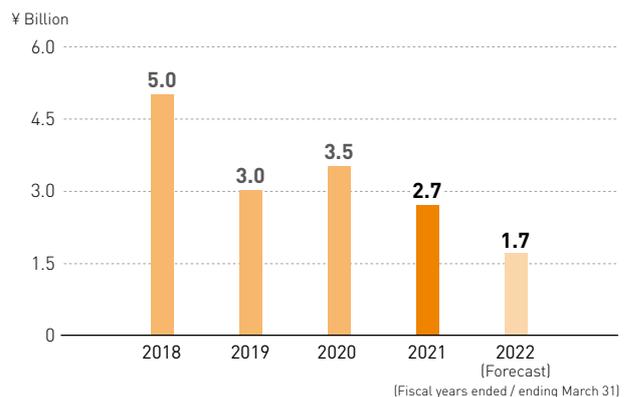
Converted Products Operations

- Promote solvent-less and polyethylene-free release paper
- Develop and expand sales of casting papers for enamel finish and automotive synthetic leather
- Develop new products and expand market

Net Sales by Segment



Operating Income by Segment



* Forecasts for the fiscal year ending March 31, 2022, reflect the application of the Accounting Standard for Revenue Recognition. In addition, some products in Paper and Converted Products were transferred to Electronic and Optical Products from the fiscal year ending March 31, 2022.

Fine & Specialty Paper Products Operations

Main Products

- Color papers for envelopes
- Colored construction papers
- Special function papers
- High-grade printing papers
- Construction material papers



Business Operations Introduction

We have the leading share in the domestic market for color paper for envelopes and colored construction paper. We also manufacture and sell special function paper such as dust-free paper for use in places such as clean rooms, and oil- and water-resistant paper used in food packaging, as well as high-grade printing paper with special textures and construction material paper used as lining for wallpaper. The Company is also stepping up the development and proposal of products that meet growing needs in recent years for plastic alternatives.

Net Sales: Fine & Specialty Paper Products Operations



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

During the fiscal year ended March 31, 2021, sales fell steeply as the COVID-19 pandemic negatively affected demand for a wide range of products, as people stayed home and events were canceled. Despite the positive effect of cheaper prices for pulp, a key raw material, production facility operating rates declined alongside a lower sales volume, leading to lower profits for the year.



Toshimi Sugaya

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

The business environment is likely to remain challenging, given the weak demand for mainstay envelope paper amid movements to go paperless and greater teleworking. Our medium- to long-term strategy is to once again promote the benefits of paper as a material that can take us one step closer to a sustainable society. Under LSV 2030-Stage 1, the Company is prioritizing the development and growth in sales of products that prevent food loss and serve as alternatives to plastics. We are strengthening sales of thick oil- and water-resistant paper used as boxed lunch containers at major convenience store chains as an alternative material for plastic. Moreover, we aim to bring to market highly transparent paper as an alternative to plastic film, heat-seal paper for food packaging, and freshness-keeping paper that preserves the freshness of fruit and vegetables by absorbing ethylene gas the food emits, thereby reducing food loss. For existing products, we are increasing their competitiveness by working to lower costs further through reviews of design and production processes, developing untapped fields for paper, and adding new functions, such as antibacterial and antivirus properties. Overseas, we aim to expand sales on the Southeast Asian market, in particular, and will focus our efforts on growing sales of high-value-added products, such as industrial special function paper and food packaging paper.

Converted Products Operations

Main Products

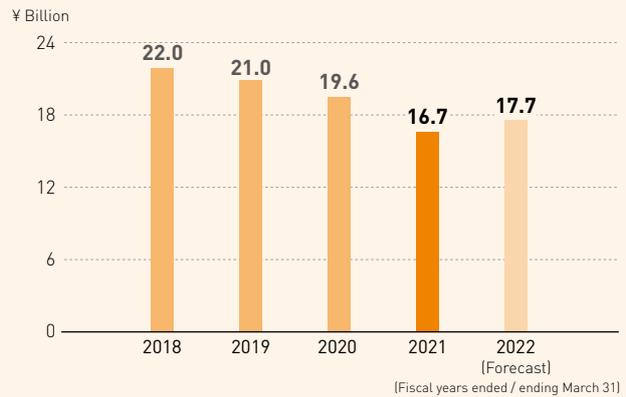
- Release papers for general-use adhesive products
- Release papers for electronic materials
- Release films for optical-related products
- Casting papers for synthetic leather
- Casting papers for carbon fiber composite materials



Business Operations Introduction

We manufacture and sell release paper and film that protect the adhesive surfaces of various adhesive products, casting paper that is used as patterning paper for placing designs on synthetic leather, casting paper 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

Adversely affected by the pandemic, sales dropped in Converted Products Operations during the fiscal year ended March 31, 2021. Demand weakened for adhesive products as the movement of people and things ground to a halt, and this led to weak sales of mainstay release paper. Sales also decreased steeply for casting paper for synthetic leather, which is offered globally, and casting paper for carbon fiber composite materials, which is used to produce leisure items and intermediate materials for aircraft bodies, owing to lockdowns in countries and a slump in aircraft demand. On the other hand, sales were firm for release film for optical displays, thanks to a surge in teleworking and stay-at-home demand in the second half.

As a medium- to long-term initiative, this business operation is committed to addressing environmental issues. We are working to reduce the usage of chemical substances that burden the environment by establishing and expanding the adoption of formulas that do not use organic solvents in the production of release paper. At the same time, noting the move away from plastic, we are developing and proposing release paper that does not use polyolefin resins derived from petrochemical raw materials. One such product that is the focus of our attention is casting paper for synthetic leather. Sales for items used to produce synthetic leather for products, such as automobile seats and interiors, have been particularly strong. We therefore aim to expand sales in a broad range of applications,

such as shoes, home furniture, and brand handbags, while developing markets further. Additionally, we are keen to develop new products, such as casting paper with added functions, such as water-repellence and dust-proofing, as well as casting paper and casting film for various film formation.

Yutaka Iwasaki

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



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. At the LINTEC Group, two approaches help us to create products that resolve our customers' diverse technological issues and 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 in a bid to accelerate the speed of product development, and create new technologies that lead to new products and businesses.

**LINTEC's
R&D Capabilities**
(Fiscal year ended
March 31, 2021)

R&D expenses
¥7.6 billion
(Consolidated)

Ratio of R&D
expenses to
net sales
3.2%
(Consolidated)

Number of
researchers
About 200

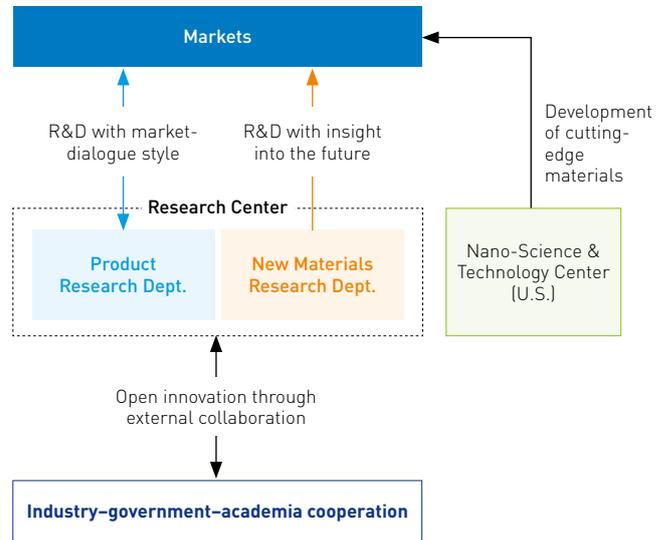
Overseas dispatch
of researchers
**U.S., Taiwan,
Germany,
Thailand, etc.**

Number of patents
held in Japan
and overseas
4,890
(Consolidated)



R&D System

The Research Center of the Research & Development Division (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 equipment that is actually used by customers in semiconductor-related fields. Moreover, we have installed large-scale pilot coatiers that closely resemble plant mass production facilities, strengthening systems for a smooth flow from R&D to mass production. The center mainly comprises the Product Research Department, which develops products directly connected to our current business, and the New Materials Research Department, which conducts R&D with a focus on the future. About 200 researchers are engaged in day-to-day research on these themes. In addition, the Nano-Science & Technology Center, our R&D base in the U.S., focuses on the development of leading-edge materials, such as carbon nanotubes and artificial muscles, with the objective of establishing technologies and products that will drive new businesses for the Group.



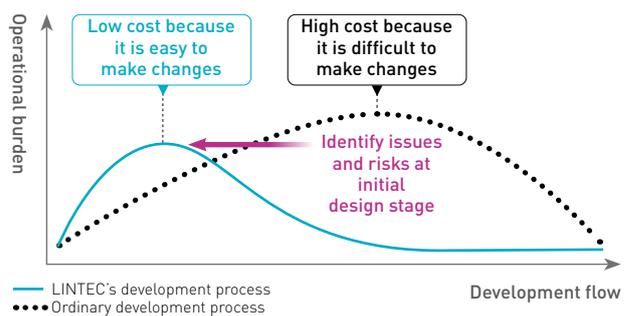
R&D Policy

We are pursuing R&D with a strong determination to ensure that our focus themes make a real contribution to strengthening the competitiveness of existing businesses and creating new products and businesses. 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 coatiers 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 that 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

Strategy

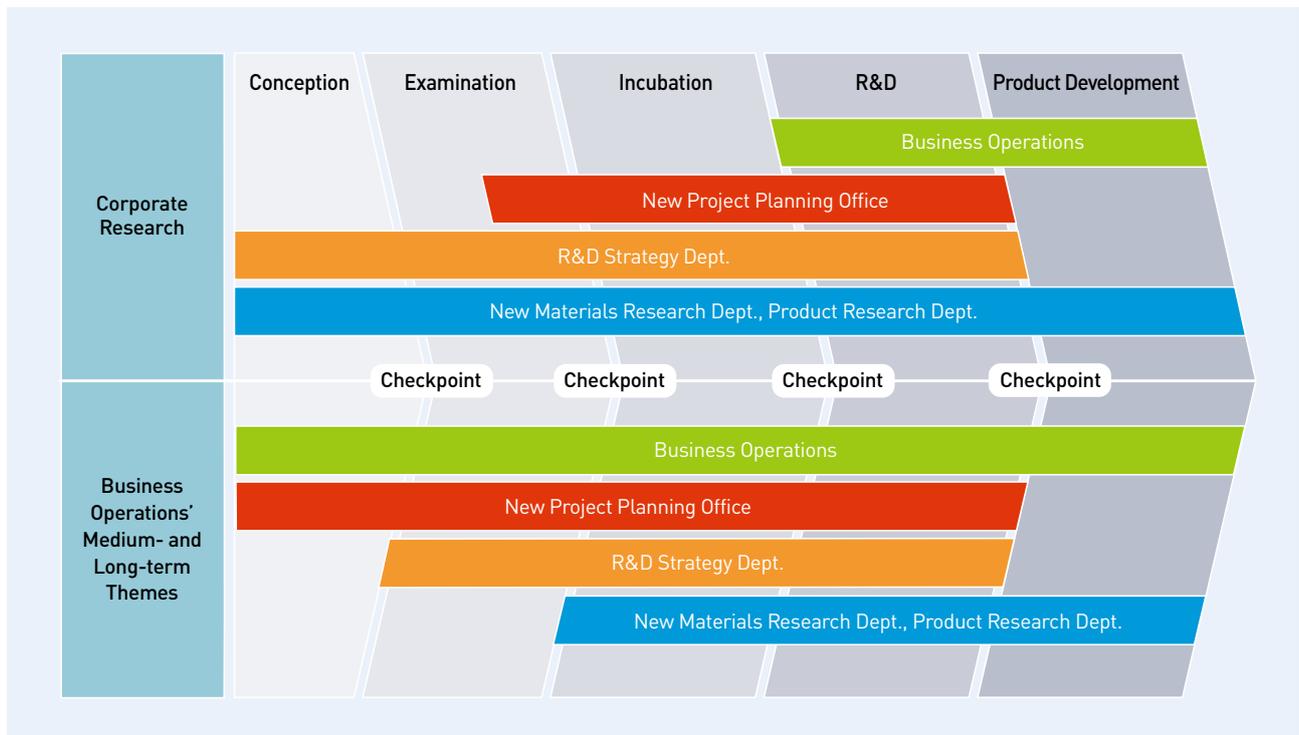
Research and Development

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 development theme, preventing setbacks in development through full verification at key points. A central role is played by the R&D Strategy Department in the Research Center, 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 respective business operations and the New Project Planning Office in the Business Administration Division, an in-house, cross-sectional marketing unit. In these ways, we are working to create new value in response to the change in customer needs and markets.

Stage Gate System



Carbon Neutral Challenge

Part of the LINTEC Group's mission as a manufacturer is to consider the environment in the product development and production processes. The Group aims to become carbon neutral with net zero CO₂ emissions by 2050. As a part of this effort, "Carbon Neutral Challenge" was adopted as a new slogan for the Research & Development Division, which will focus more on product development that is considerate of environmental impact from the production stage through to product disposal, for the purpose of cutting emissions of CO₂.

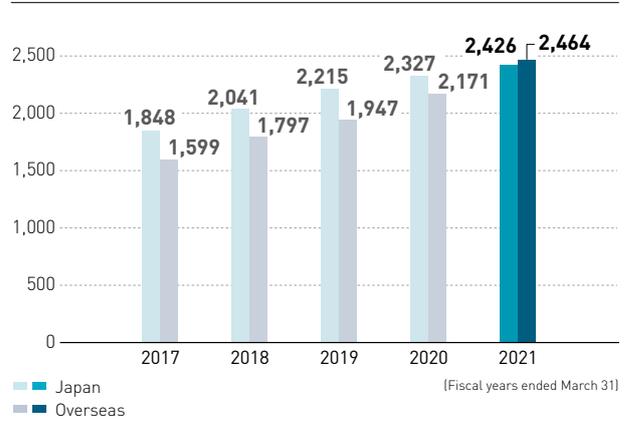


Solvent-less processing technology for making label-stock that contributes to reducing CO₂ emissions

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 Department 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.

Accelerating Development of “Number One, Only One” Products on the Basis of Environmental Friendliness

In line with the basic policies of LSV 2030, LINTEC must create new products and business in order to attain its long-term vision. Under the slogan “Carbon Neutral Challenge,” and paying due attention to environmental concerns in new product development, LINTEC is focusing development on the reduction of CO₂ emissions by proactively adopting solvent-less products and plant-derived biomass materials. Moving away from plastic is also a major theme in R&D. LINTEC has many types of film products, and the aforementioned recent shift in trends has presented business opportunities for LINTEC’s special paper products. The development of special paper products has traditionally taken place at plants that have papermaking machines. Going forward, we will strengthen the development structure by bringing over personnel from the Research & Development Division.

To create new businesses, the Company is examining mass production processes and creating new applications with an eye on early commercialization, while advancing development in domains that differ from its existing technologies, such as ultra-thin thermoelectric modules, high-frequency dielectric heating adhesive film, and pellicles for EUV lithography systems. We must also advance DX projects to further strengthen our R&D capabilities. The Company is already using AI to help screen materials and search for patents, and by expanding the scope of these endeavors, we aim to improve development efficiency. LINTEC takes pride

in developing innovative products with our key materials and processes, while working on open innovation through cooperation with external entities, with the objective of accelerating the development of high-value-added “number one, only one” products.

Yoshihisa Mineura

Executive Officer
Executive General Manager,
Research & Development Div.

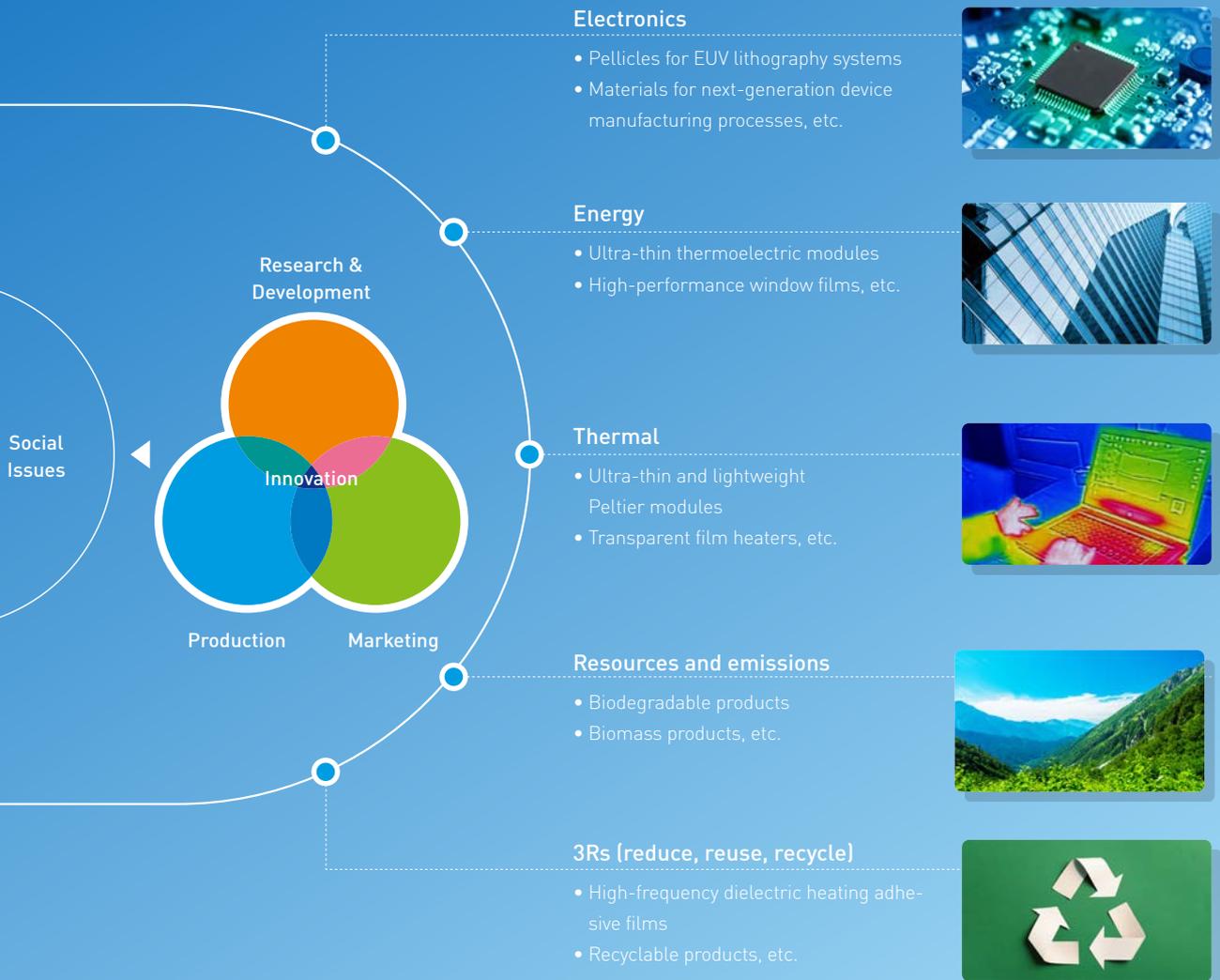


Special Feature

Development of New Products That Help Solve Social Issues

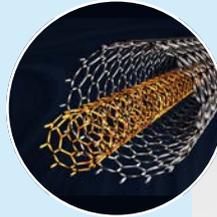
To sustain growth, in addition to expanding existing operations, the LINTEC Group must create new products and businesses that go beyond the boundaries of conventional technologies. Under its long-term vision, LSV 2030, the Company is focusing efforts on the fields of electronics, energy, thermal, resources and emissions, and the 3Rs (reduce, reuse, and recycle). We aim to develop products that will drive new businesses and help solve social issues, and to rapidly commercialize these products.

Priority Development Fields for Solving Social Issues



Carbon Nanotube Products Made with Distinctive Technologies

At the Nano-Science & Technology Center, our R&D base in the U.S., we are concentrating efforts on the establishment of technologies for creating carbon nanotube sheets. Carbon nanotubes are cylindrical materials made from carbon with diameters of one-billionth of a meter (a nanometer). They excel in strength despite being lightweight, and feature high conductive properties for electricity and heat. The Center is developing technologies for processing carbon nanotubes into sheets and yarn. We aim to develop markets for these forms of nanotubes in various sensor applications. Moreover, we are developing and commercializing anti-dust covers for photo-masks (original plates of circuits), which are called pellicles, for EUV lithography systems that are able to form fine circuits on semiconductor wafers.



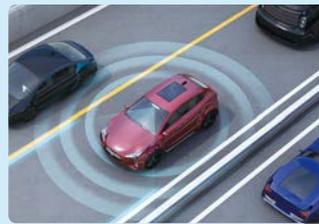
Carbon nanotube



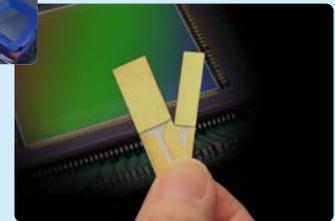
Carbon nanotubes in yarn form are woven into a globe and used as a sensor

Sheet Materials That Use Thermal Properties

LINTEC has been developing special sheet materials that use heat. For film heaters that generate heat with electricity, we propose materials that prevent the accretion of snow and ice on signal equipment and signs, for example, as well as on the sensors of automobiles and communications equipment, by applying its proprietary wiring and sheet technologies to make highly transparent and curve-following properties a reality. The amount of heat generated by electronic devices has increased with the higher speed and capacity of data transmission in 5G technology. We are therefore developing ultra-thin and lightweight cooling sheets that take advantage of the Peltier effect to absorb and release heat through electrical currents. We are also developing ultra-thin thermoelectric sheets that can convert waste heat from plants into electrical energy.



Film heaters with possible applications in automotive sensors

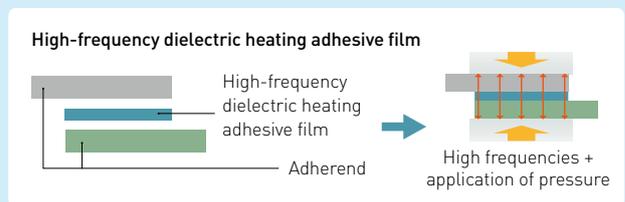


Ultra-thin and lightweight cooling sheets for effective heat control of 5G-compatible electronic devices

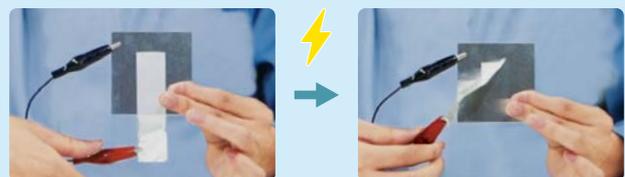
Special Adhesive Sheets for Recycling and Reuse

As a part of its initiative to develop recycling-oriented products, LINTEC has developed high-frequency dielectric heating adhesive film that is able to adhere different types of materials together, such as stainless steel and plastic, by melting when exposed to high-frequency waves. It has the same adhesive strength as traditional liquid adhesives, but can be applied in a shorter amount of time, and when exposed again to high-frequency waves, the joined materials can be separated for easier recycling. VOC emissions are also reduced. We aim to develop this adhesive for a wide range of applications, including automobiles, construction materials, and apparel.

In addition, our electrical release adhesive sheets, where the adhesiveness is sharply reduced when electricity is run through the sheets, are well suited for applications that entail joining together parts and materials used in electrical devices and automobiles. We believe these sheets will make it easier to recycle and reuse metallic and plastic parts.



Using high frequencies to melt adhesive film for adhering different materials



Adhesive sheet that can be easily removed by passing electricity through it