

LINTEC Integrated Report 2023

For the fiscal year ended March 31, 2023

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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 various 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 sustainability report, which provide additional information that is not included in this report.

Reporting Period

This report covers the period from April 1, 2022, to March 31, 2023. However, some of the information includes content from April 1, 2023, 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.

Guidelines Used as References

IFRS Foundation: International Integrated Reporting Framework

Ministry of Economy, Trade and Industry: Guidance for Collaborative Value Creation

Value Creation

LINTEC is working to raise corporate value by maximizing the use of 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 history, strengths, and value creation process.

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

Cooperating with All Our Stakeholders

Our business is supported by various stakeholders, including shareholders, investors, employees, customers, suppliers, and local communities. To meet their expectations and uphold our status as a trusted company, we will fulfill our social responsibilities through corporate activities rooted in our company motto, "Sincerity and Creativity." We are committed to engaging in the co-creation of value with all our stakeholders.



LINTEC Corporation



**A dynamic and reliable company that
contributes to society as a whole**

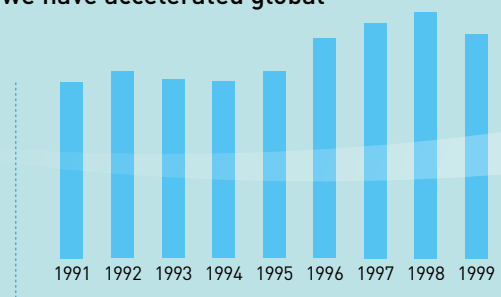


Achieving Steady Growth by Meeting the Needs of the Times

In 1990, a vertical integration was implemented by three companies—a manufacturer with advanced adhesive technologies, a manufacturer with papermaking technologies for specialty 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.

April 1990: Foundation of LINTEC Corporation

<p>FSK CORPORATION (Manufacture and sale of adhesive products, etc.)</p>	<p>SHIKOKU PAPER CO., LTD. (Manufacture and sale of specialty paper, release paper, etc.)</p>	<p>SOHKEN KAKO CO., LTD. (Manufacture and sale of adhesive paper, release film, etc.)</p>
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Up to 1990

Creating an Integrated Production System for Adhesive Products and Establishing a Unique Business Structure

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 for labels, 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, after the Company name was changed to FSK CORPORATION, we made a full-scale entry into the field of semiconductor-related products. In 1990, through the merger of the three companies indicated above, we created an integrated production system for adhesive products. We established a unique business structure as a company that produced manufacturing adhesive products and that also offered a wide range of products in the areas of release paper and release film and specialty paper.



Gummed tape for packaging, for which demand increased with the spread of cardboard boxes in place of wooden boxes

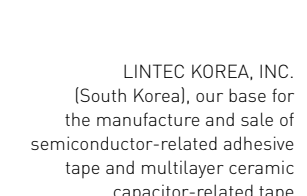


UV curable dicing tape, which brought about a major transformation in the semiconductor industry

1990s–2000s



LINTEC (SUZHOU) TECH CORPORATION (China), our base for the manufacture and sale of adhesive products for labels and casting paper for synthetic leather

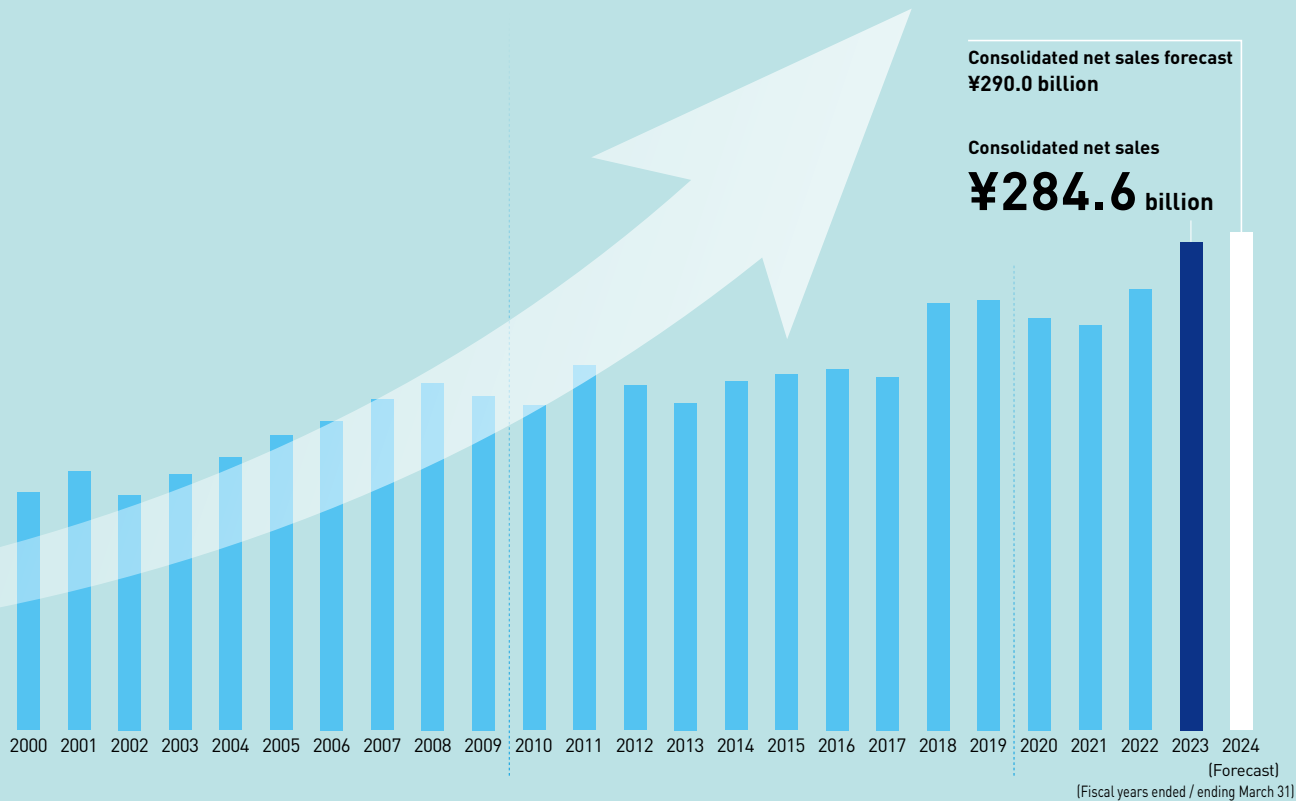


LINTEC KOREA, INC. (South Korea), our base for the manufacture and sale of semiconductor-related adhesive tape and multilayer ceramic capacitor-related tape



Accelerating Globalization of Business, Centered on Asia

Since the 1990s, we have been actively expanding overseas. In 1994, we established a label-related manufacturing subsidiary in Indonesia, and in 1995, we set up sales subsidiaries in the Netherlands and Singapore. In 2002, we established LINTEC (SUZHOU) TECH CORPORATION as our main production base in China. Additionally, in response to the expansion of the electronics market, in around 2000 we successively established manufacturing subsidiaries for products related to optical displays, multilayer ceramic capacitors, and semiconductors in Malaysia, Taiwan, and South Korea, accelerating the globalization of our business centered on Asia.



2010s

Expanding Our Domestic and Overseas Production and R&D Structures, and Reinforcing Our Business Foundation

In 2010, we completed the rebuilding of the Tatsuno Plant (Hyogo Prefecture), which is our main plant for adhesive products for labels. In 2011, we established a subsidiary in Thailand to manufacture these materials. In 2013, we opened an R&D center for carbon nanotube-related technologies in the U.S. In 2015, we constructed the Advanced Technology Building at the Research Center (Saitama Prefecture) and installed leading-edge research equipment and large-scale pilot coaters. In 2016, we acquired three companies in Europe and the U.S., including MACTAC AMERICAS, LLC, a large-scale manufacturer of adhesive products for labels. These moves enabled us to expand our production and R&D structures in Japan and overseas, reinforcing our business foundation.



Large-scale pilot coaters in the Advanced Technology Building



MACTAC AMERICAS, LLC, our base for the manufacture and sale of adhesive products for labels

2020s



Adhesive film for labels that uses recycled PET resin from used PET bottles as facestock material



SPINNAKER PRESSURE SENSITIVE PRODUCTS LLC, established through the acquisition of a business from an adhesive products manufacturer in the U.S.

Focusing on Expansion in Growth Fields to Realize Our Long-Term Vision

In 2021, we unveiled our long-term vision, LSV 2030. Since then, we have been promoting various initiatives aimed at contributing to sustainable growth and the realization of a sustainable society. In addition to investing actively in the increased production of electronics-related products, which are slated for significant future demand growth, and environmental measures to reduce CO₂ emissions, we are stepping up our development and sales of environmentally friendly products in response to growing demand. In the North American label market, we aim to increase our market share through M&A-fueled increases in production capacity, as well as expand our business through synergies in the LINTEC Group.

LINTEC's Strengths

Three Major Strengths That Support Growth

LINTEC has continued to record stable growth since the merger of its three predecessor companies in 1990. The source of the Group's competitiveness lies in the wide range of products created by utilizing its four core technologies, its market dialogue-driven R&D and the ability to customize products to meet customer needs, and its global production and sales structure, which the Group is actively expanding.

Strength
1

A Wide Range of Products Created by Leveraging Four Core Technologies

LINTEC leverages the core technologies it has cultivated over the years to offer a wide range of products. These include adhesive products used in various fields, such as mainstay adhesive paper and film for labels. We offer specialty paper with distinctive colors, textures, and functions, as well as release paper and film that protect the adhesive surfaces of adhesive products. We also provide application and removal equipment that maximizes the performance of our adhesive products in various markets. Our four core technologies and the wide variety of products that result from combining them allow us to offer our distinctive total solutions with materials and equipment. We also achieve the integrated production of adhesive products and manufacture adhesive products in-house, starting with the base paper for release paper.



Color paper for envelopes



Adhesive products for labels



Semiconductor-related adhesive tapes

Four Core Technologies

Adhesive applications

Adhesive development, mixing, and coating technologies

Surface improvement

Technologies for developing, mixing, and coating various surface agents

Specialty paper and release materials production

Technologies for papermaking and for developing, mixing, and coating release agents

System development

Technologies for developing equipment for attaching, removing, and processing

A Wide Range of Products

Adhesive products

Release paper and film

Specialty paper

Related equipment

Daily necessities, food products, healthcare, pharmaceuticals, logistics, construction, telecommunications equipment, home electronics, mobility, stationery (envelopes), aircraft, others

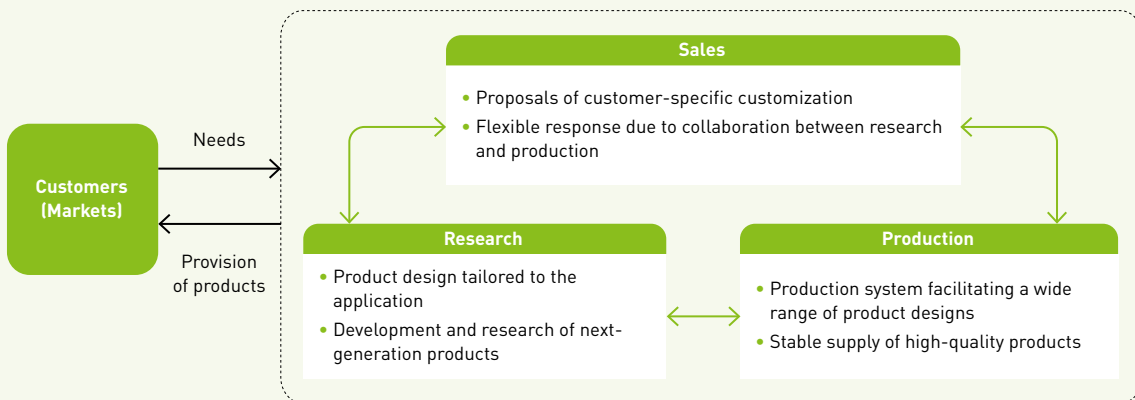
Provision to Various Markets



Strength
2

Market Dialogue-Driven R&D and the Ability to Customize Products to Meet Customer Needs

LINTEC's research and development approach is based on dialogue with the market. Our researchers join sales representatives when making customer visits, and their unique perspective and information-gathering capabilities help them accurately understand customers' needs. We also strive to integrate research, production, and sales throughout each process from development to commercialization, enabling us to respond promptly and meticulously to each customer's requests. We have established a strong presence in various markets through our ability to customize products to meet customers' needs, thereby enhancing customer satisfaction.

Strength
3

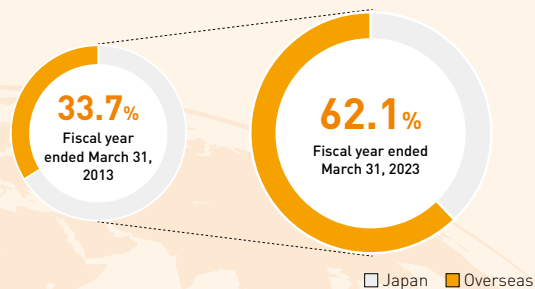
Active expansion of Our Global Production and Sales Structure

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 by establishing subsidiaries and conducting M&As to expand our overseas production and sales structure. Currently, we have approximately 40 consolidated subsidiaries with more than 5,000 employees in 19 countries and regions, and our overseas sales ratio has increased to more than 62%. 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, 2023)



Overseas Sales Ratio



LINTEC's Value Creation Process

From its establishment to the present, the LINTEC Group has built up a wide range of assets, including technologies, diverse human resources, and trust-based relationships with stakeholders. 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

Unique Technical Capabilities



Comprehensive Product Supply System in Japan and Overseas



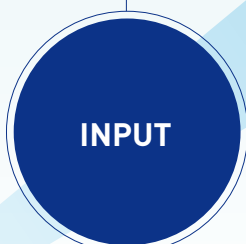
Diverse Human Resources and Corporate Culture



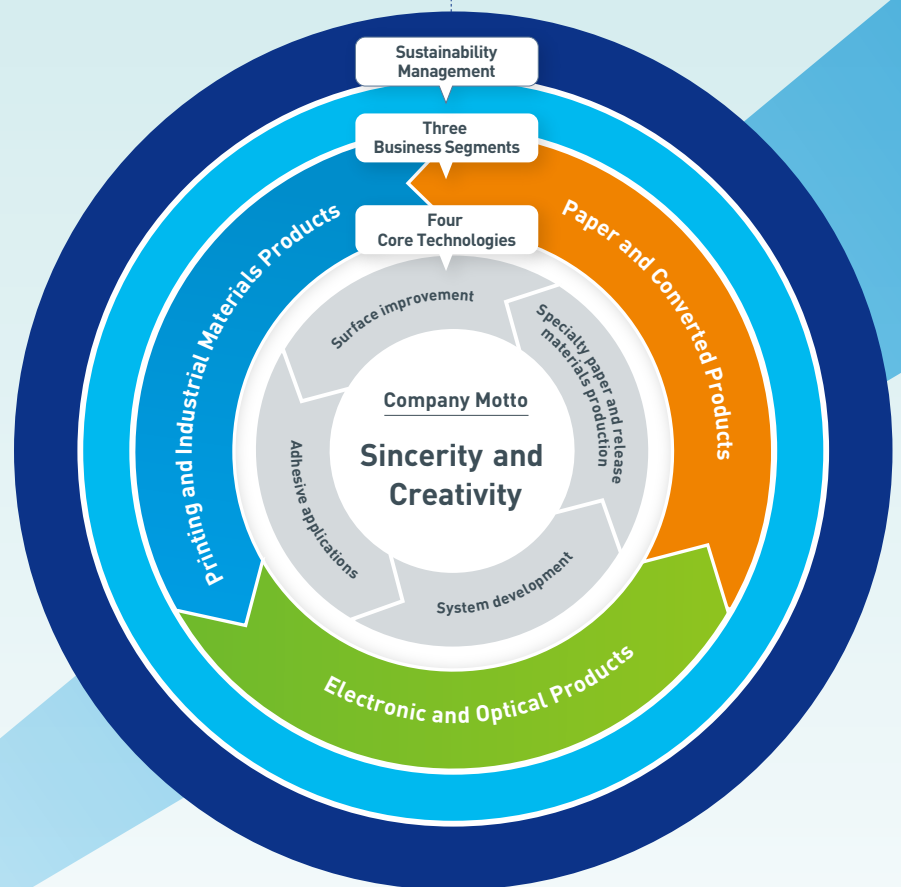
Solid Financial Base



Relationships of Trust with Stakeholders



LINTEC's Unique Strengths



Contribute to the realization of a sustainable society

Create economic value

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

Create social value

OUTCOME

OUTPUT

Reduce environmental impact



Promote digitalization within society



Provide a stable supply of products needed in everyday life



Supply products to a broad range of markets



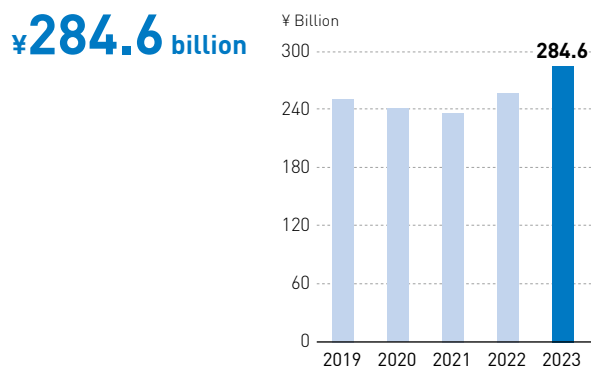
- P30 Printing & Variable Information Products Operations
- P31 Industrial & Material Operations
- P32 Advanced Materials Operations
- P33 Optical Products Operations
- P34 Fine & Specialty Paper Products Operations
- P35 Converted Products Operations

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.

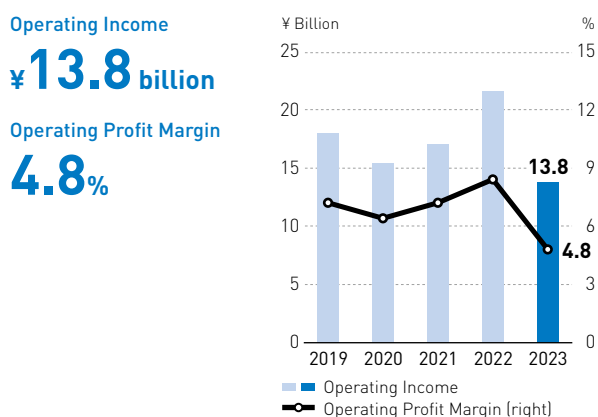
Financial Information

Net Sales



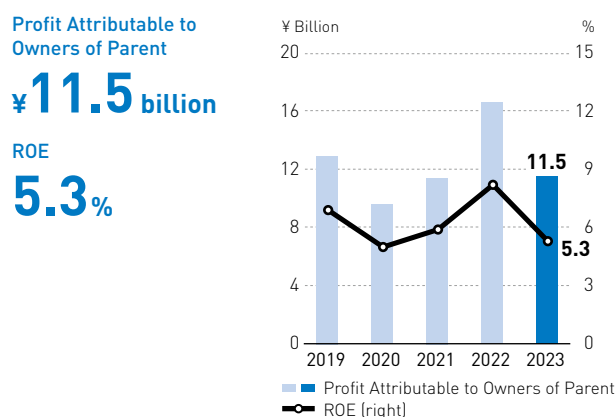
Net sales reached a record high, of ¥284.6 billion, owing in part to the performance of a company established by acquiring a business in the U.S. Also, yen depreciation pushed up sales.

Operating Income / Operating Profit Margin



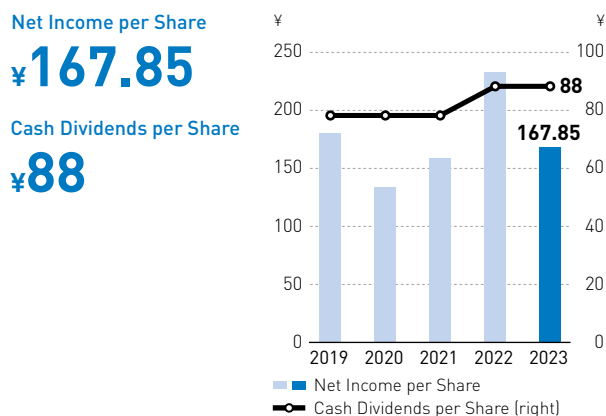
In addition to soaring prices on key raw materials, such as pulp and petrochemical raw materials, a sharp decline in the electronics market caused demand for Electronic and Optical Products to fall, causing profits to decline substantially.

Profit Attributable to Owners of Parent / ROE



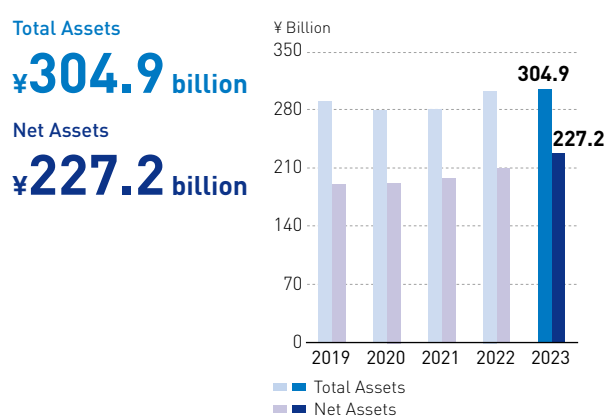
Ongoing yen depreciation led to higher foreign exchange gains, but operating profit declined, causing profit attributable to owners of parent to drop. ROE also dropped substantially.

Net Income per Share / Cash Dividends per Share



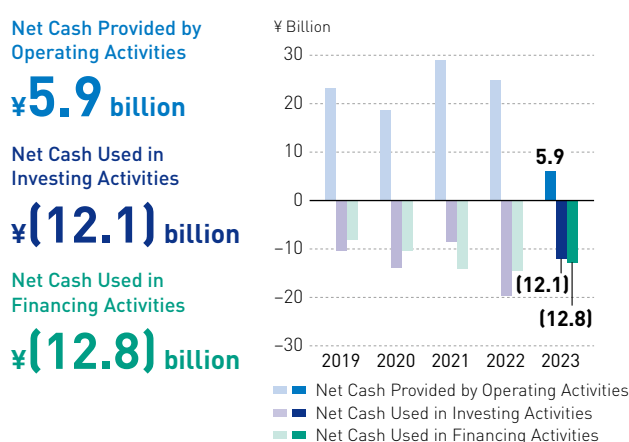
Net income per share was ¥167.85. Based on its basic policy of providing a stable and continued dividend, the Company paid a dividend of ¥88 per share, the same amount as in the previous fiscal year, with a dividend payout ratio of 52.4%.

Total Assets / Net Assets



Total assets rose, owing to such factors as the acquisition of a business in the U.S. and higher procurement costs. Net assets increased as a result of ongoing yen depreciation, which bolstered foreign currency translation adjustments. The equity ratio was 74.2%.

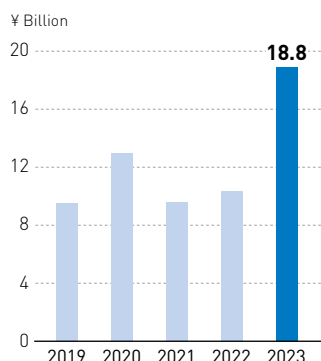
Cash Flows



Cash flows from operating activities were positive, while cash flows from investing activities were negative due to higher capital expenditure. Cash flows from financing activities were negative due to the purchase of treasury stock.

Capital Expenditures

¥18.8 billion



Capital expenditure reached a record ¥18.8 billion, owing to increases in equipment for producing semiconductor-related adhesive tape and multilayer ceramic capacitor-related tape, as well as the installation of equipment to help reduce CO₂ emissions at each production base.

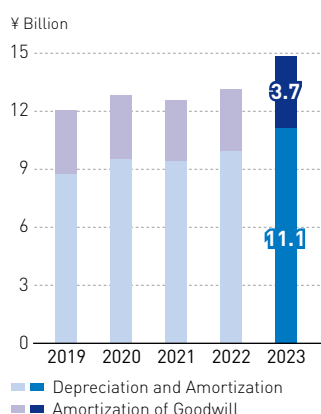
Depreciation and Amortization / Amortization of Goodwill

Depreciation and Amortization

¥11.1 billion

Amortization of Goodwill

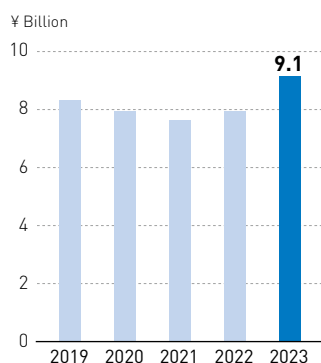
¥3.7 billion



Depreciation and amortization were ¥11.1 billion. Also, amortization of goodwill was ¥3.7 billion, due principally to the amortization of goodwill resulting from the acquisition of MACTAC AMERICAS, LLC, at the end of 2016.

R&D Expenses

¥9.1 billion

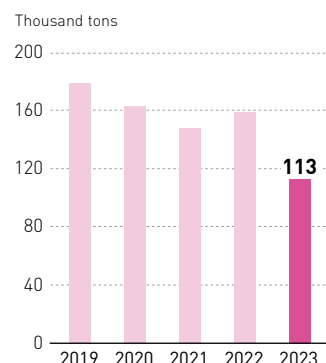


R&D expenses were a record ¥9.1 billion, with Printing and Industrial Materials Products accounting for ¥3.3 billion; Electronic and Optical Products for ¥4.3 billion; and Paper and Converted Products for ¥1.4 billion.

Non-Financial Information

CO₂ Emissions

113,000 tons



CO₂ emissions volume was down 46,000 tons year on year, to 113,000 tons. This was due to such factors as efforts to reduce environmental impact by installing new equipment at production bases.

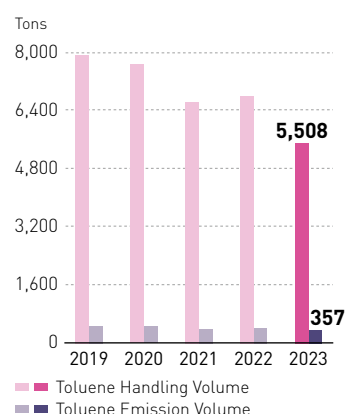
Toluene Handling Volume / Toluene Emission Volume

Toluene Handling Volume

5,508 tons

Toluene Emission Volume

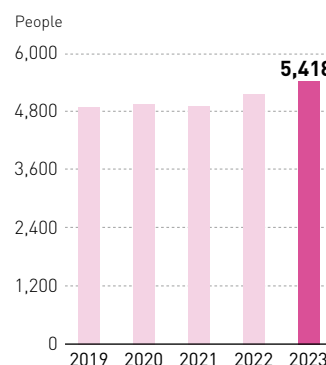
357 tons



Toluene is a volatile organic solvent used mainly in the adhesive and release agent coating processes. The Company is working to reduce the amount of toluene it handles and emits. During the year under review, toluene handling and emission volumes decreased, owing to efforts to promote solvent-less production.

Number of Employees

5,418



On a consolidated basis, the number of employees was 5,418, an increase of 260 employees year on year. On a non-consolidated basis, LINTEC had 2,620 employees, down eight from the previous year.