

# Value Creation Strategy

LINTEC is developing a variety of measures to continue creating value and contributing to society's future development. This section features messages from the president, CFO, and executive general managers of the Business Administration Division, which conducts sales activities, and the Research & Development Division. In addition, we introduce the new products we are developing to create new value.

# Our Long-Term Vision, LSV 2030

The LINTEC Group has formulated the LINTEC SUSTAINABILITY VISION 2030 (LSV 2030), a long-term vision, which continues through the fiscal year ending March 31, 2030, in the aim of realizing a sustainable society. With the basic approach of helping to solve social issues through our business activities, we will actively work on each key initiative from the perspective of sustainability.



<b>Basic Policy</b>	Contribute to realizing a sustainable world by strengthening the corporate structure through innovation and creating new products and businesses for sustainable growth	
<b>Key Initiatives</b>	<b>1</b> Solve social issues	<ol style="list-style-type: none"> <li>(1) Environment Help to shape a carbon-free, recycling-oriented world, etc.</li> <li>(2) Society Respect human rights and strengthen information disclosure to stakeholders, etc.</li> <li>(3) Governance Strengthen corporate governance and further increase effectiveness of the Board of Directors, etc.</li> <li>(4) Ensure that business activities help to achieve the Sustainable Development Goals (SDGs)</li> </ol>
	<b>2</b> Foster innovation to build a robust corporate structure	<ol style="list-style-type: none"> <li>(1) Transform business processes including design, development, manufacturing, and logistics through digital transformation (DX)</li> <li>(2) Install new production equipment through scrap and build, with the aim to conserve energy, raise quality, increase efficiency, and reduce labor</li> <li>(3) Strengthen cost competitiveness with innovation in production processes</li> <li>(4) Reform the structure of low-growth and unprofitable businesses and soundly manage Group companies</li> <li>(5) Maintain a solid financial base and improve capital efficiency</li> </ol>
	<b>3</b> Create new products and businesses to deliver sustainable growth	<ol style="list-style-type: none"> <li>(1) Create new products and businesses driven by technological innovation</li> <li>(2) Expand strategic investment and flexibly conduct mergers and acquisitions (M&amp;A)</li> <li>(3) Move aggressively to win a greater presence in the global market</li> <li>(4) Establish localization</li> </ol>
<b>Financial Indicators for the Fiscal Year Ending March 31, 2030</b>	Operating Profit Margin <b>12% or more</b>	Return on Equity (ROE) <b>10% or more</b>

We formulate and execute medium-term business plans every three years as milestones toward achieving our long-term vision. We are currently promoting LSV 2030-Stage 1, the first of these plans.



## A Message from the President



**Makoto Hattori**

Representative Director  
President, CEO and COO

# Building a Robust Corporate Structure That Supports Growth Even in a Challenging Business Environment

## Accelerating Efforts to Realize Our Long-Term Vision, LSV 2030

### A Year of Challenges, Due to a Rapidly Changing Business Environment

In the fiscal year ended March 31, 2023, concerns of an economic downturn mounted. Against the backdrop of Russia's invasion of Ukraine, the world economy was affected by a surge in fuel prices. Additionally, various countries instituted interest-rate policies in an effort to curb inflation. Japan experienced an extremely moderate economic recovery characterized by lackluster personal consumption, owing in part to ongoing price rises in the face of a weaker yen.

The fiscal year ended March 31, 2023 (the Company's 129th fiscal period) was also the second year of our three-year medium-term business plan, LSV 2030-Stage 1. This plan is designed to guide the Company toward the realization of its long-term vision, LSV 2030, which concludes in the fiscal year ending March 31, 2030. Performance was strong during our first year under the medium-term business plan. We met the plan's final-year management targets early, prompting us to revise our targets upward in May 2022, and we have pursued a variety of measures since. During the fiscal year under review, net sales expanded, buoyed by our acquisition of a business in North America and the impact of yen depreciation. On the profit front, we undertook thorough

efforts to reduce costs and revise prices, while seeking the understanding of our customers, but we experienced sharply higher prices for raw materials, especially pulp, and sales volume fell substantially due to a downturn in the market for electronic- and optical-related products. Furthermore, a downturn in orders for other products led to a lower rate of utilization at production facilities, causing operating losses to grow. As a result, consolidated performance was down substantially year on year.

#### Consolidated Business Results in Fiscal Year Ended March 31, 2023 (Year on Year)

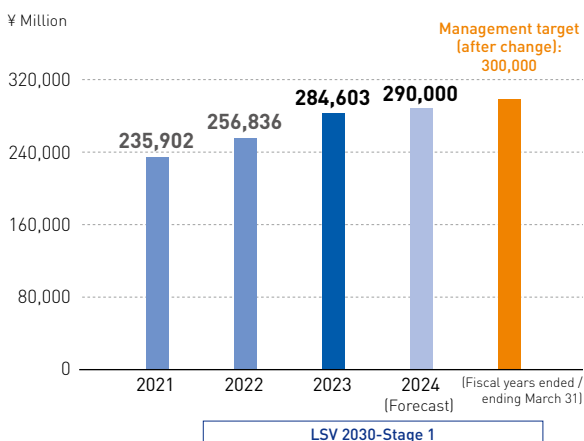
Net Sales	¥284,603 million	(up 10.8%)
Operating Income	¥13,796 million	(down 36.1%)
Profit Attributable to Owners of Parent	¥11,512 million	(down 30.8%)

## Aiming for an Early Recovery in Performance

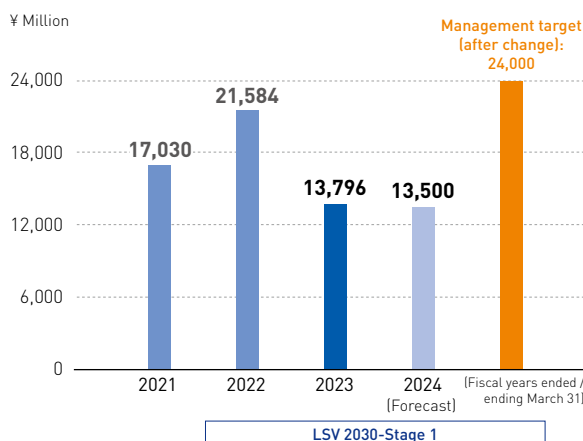
The outlook for the current fiscal year (the fiscal year ending March 31, 2024) is clouded by growing concerns about a global economic downturn due to interest rate policies aimed at curbing ongoing inflation, prolonged tensions between the U.S. and China, Russia’s ongoing invasion of Ukraine, and rising resource costs. In Japan, we anticipate the positive impact of increasing inbound tourism as travel restrictions have been lifted. However, consumer spending is likely to be subdued owing to price increases, particularly for food items, contributing to increased uncertainty about the future. The LINTEC Group also expects to be affected by a challenging operating environment due to the sluggish markets for semi-conductors and electronic components, a delayed

rebound in personal consumption, and persistently high fuel prices. Against this backdrop, we forecast consolidated net sales of ¥290.0 billion and operating income of ¥13.5 billion. Despite the headwinds we face in the current fiscal year, we will promote necessary capital expenditures, production site reforms, and initiatives to improve profitability so we can make a good start in the next medium-term business plan, LSV 2030-Stage 2, which begins next fiscal year. We have again recognized the importance of building a robust corporate structure that can continue to grow and earn profits even in a difficult business environment, and we aim for an early recovery of our business performance to realize our long-term vision.

### Consolidated Net Sales



### Consolidated Operating Income



## PICK UP

### Acquisition of a Canadian Business That Slits and Sells Adhesive Products for Labels

In May 2023, our subsidiary, MACTAC CANADA, LTD., acquired Label Supply (Ontario, Canada) business, which engages in the slitting and sale of adhesive products for labels, along with related assets, for ¥7.0 billion. This acquisition will facilitate the expansion of sales in the Canadian market. We also expect to benefit from Group synergies, as MACTAC AMERICAS, LLC, expands production volume and reduces costs of adhesive products for labels. Going forward, we will continue working to achieve higher sales and profitability in the North American market, which is slated for steady growth.



The acquired business base near Toronto

## State of Progress of LSV 2030

More than two years have passed since the launch of LSV 2030, our long-term vision. As its full name suggests, the key word of our vision is “sustainability,” and we have been practicing sustainability management to improve corporate value while putting environmental, social, and governance (ESG) factors at the core of management. The foundation of this approach is our promotion system, which centers on the Sustainability Committee. Composed mainly of members of top management, the committee discusses our basic policy and action plans and oversees progress, and we field meaningful opinions from all outside directors at each meeting. As society continues to change, we place a high value on the expertise and objective perspectives our outside directors offer. Their opinions contribute substantially to confirming the direction of LSV 2030 in our approach to realizing our long-term vision.

Under the Sustainability Committee, we have established four committees and five subcommittees to address ESG factors, the Sustainable Development Goals (SDGs), risk management, and the enhancement of communication with stakeholders. Employees from across the Company serve on these bodies, ensuring the participation of a large membership. Additionally, I consistently emphasize the importance of sustainability during meetings and throughout articles in our internal and external newsletters. I believe we will need to assiduously repeat such explanations to ensure the direction LINTEC aims to pursue has permeated throughout the entire Group. Going forward, we will help resolve social issues through our business activities and strive for development and growth alongside society by vigorously promoting the key initiatives outlined in LSV 2030.

### Reducing Environmental Impact

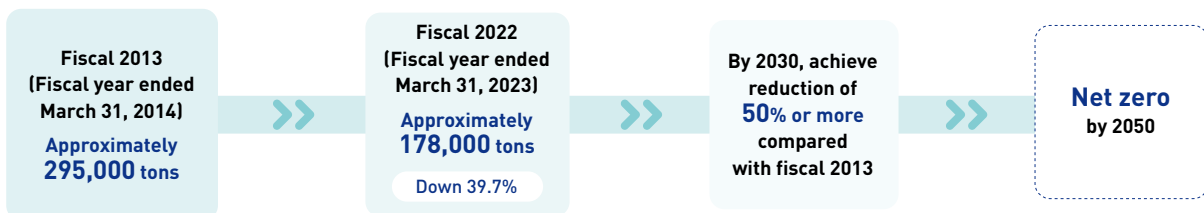
Of the social issues the Company needs to address, reducing greenhouse gas emissions is a crucial mission.

The LINTEC Group is therefore actively making capital expenditures to reduce CO<sub>2</sub> emissions. In fact, we plan to invest more than ¥10.0 billion during the period of LSV 2030. However, we believe investing in environmental initiatives is not simply a cost increase; it has positive roll-on effects. For example, the additional equipment for papermaking processes being installed at the Kumagaya Plant (Saitama Prefecture) and the Mishima Plant (Ehime Prefecture) will reduce CO<sub>2</sub> emissions and energy used in the drying process. It will also improve productivity, lower costs, and enhance quality. Going forward, we plan to invest aggressively in such areas. At the same time, the LINTEC Group has set the goal of lowering its CO<sub>2</sub> emissions by more than 50% compared with fiscal 2013 levels by 2030 and to reach net-zero emissions (carbon neutrality) by 2050. Our baseline CO<sub>2</sub> emissions for fiscal 2013, which includes emissions from subsidiaries that have joined the LINTEC Group since then, are approximately 295,000 tons. In fiscal 2022, emissions totaled 178,000 tons, down 39.7% against fiscal 2013 levels.

The LINTEC Group uses toluene, a volatile organic compound (VOC) as a dilutive solvent during the manufacture of adhesive products and release paper. We are working to reduce the use of VOCs to lower our environmental impact. We are using emulsion-based or hot melt-type adhesives, which do not require organic solvents, and promoting the transition to solvent-less release paper products. We are also gradually installing coating equipment for solvent-less release paper, and we aim to raise our percentage of such paper from 64% at present to 100% by 2030. The transition to solvent-less alternatives also helps reduce the amount of CO<sub>2</sub> emissions generated during the incineration of organic solvents, playing a crucial role in our decarbonization efforts.

In addition, we are promoting the conversion of film

### Road Map for Reducing CO<sub>2</sub> Emissions



Notes: Based on our calculations of Scope 1 and 2 emissions for the entire LINTEC Group. The figure for fiscal 2013 is an estimate that include the retroactive addition of CO<sub>2</sub> emissions from subsidiaries that joined the Group thereafter.



## A Message from the President

and other petrochemical-based products into plastic-free and biomass-based products and developing products that help with the 3Rs (reduce, reuse, and recycle). To create a system for collecting and recycling customers' used release paper, we established the association Japan Earth-Conscious Labeling with an affiliate, and we are taking part in J-ECOL. Going forward, we will work to create and establish a collection system and recycling technologies to turn used release post-use release paper into a recycled resource.

→ See page 45 for details.

### Collaborating with Stakeholders for Value Creation and Enhancing Human Capital

One of the LINTEC Group's aims for 2030 is to be the most important and strongest supporter of its customers in their efforts to win out in a variety of markets. By leveraging our technological development and manufacturing capabilities, we want to achieve perfect customer satisfaction, not just be content with our current customer satisfaction levels. To achieve this, we rely on not only the efforts of all employees involved in product development, manufacturing, sales, and related operations but also the cooperation of many stakeholders, including the suppliers who provide us with high-quality materials. No company exists on its own. Rather, a company exists owing to various stakeholders, and we will work in tandem with each stakeholder to create value and improve productivity. At the same time, we will enhance corporate value by appropriately distributing the earnings and results we generate.

Our employees are particularly important assets of the Company and are essential for LINTEC's sustainable growth and development. We will continue to improve employee treatment, including base salary increases, to enhance employee engagement and productivity. We invest in our people, providing educational programs tailored to employees' roles and abilities, and strive to cultivate talented employees who can thrive in global society. We have also recently introduced succession plans to foster the long-term development of management executives, in a bid to cultivate and secure human resources who will be the backbone of the Company. We focus on creating systems that make it easier for employees to continue working even during major life events, such as childbirth, child-rearing, and caregiving, and promote the active engagement of diverse personnel, including women. In the fiscal year ended March 31, 2023, we conducted an employee survey for the first time at LINTEC and its Group companies in Japan. Based on the analysis of the results, we intend to enhance employee satisfaction and create a pleasant and invigorating workplace.

### Strengthening the Corporate Structure

To achieve an operating income margin of 12% or higher and ROE of 10% or higher by the fiscal year ending March 31, 2030, we need to foster innovation to build a robust corporate structure. This will require us to achieve digital transformation (DX)—utilizing digital technologies to transform our business models and operational processes. To that end, we launched a Companywide DX promotion project (LDX 2030) last October, with a focus on the Information Systems Department and Business Process Re-engineering Office. We are actively building the foundation to achieve business reform and nurture digitally expert personnel. In the future, we expect to reap such benefits as improved operational efficiency, cost reductions, and work-style reforms in various processes including design, development, manufacturing, and logistics.

We recognize restructuring low-growth, unprofitable businesses as an urgent challenge. Internally, we are conducting discussions that include optimizing our business portfolio and setting criteria for withdrawing from businesses. Our first step is to pursue thorough cost reductions and streamline product portfolios. Additionally, we will improve asset utilization for each business operation. Meanwhile, to ensure that we do not miss out on opportunities when the business environment improves, especially in the electronics sector, we are actively engaging in capital expenditures so that we can ramp up production when demand grows.

### Creating New Products and Businesses

Creating new products and businesses is essential in helping solve social issues and achieving sustainable growth. LINTEC has long embraced a market-dialogue style of R&D, in which research staff accompany sales representatives on customer visits to foster direct communication. These efforts to address customer and social needs while further cultivating our own technologies have helped expand our business through the development of innovative new products. This history of innovation is central to the Company, and its spirit is deeply rooted within our organization.

LSV 2030 calls for us to "create new products and businesses driven by technological innovation." In addition to cutting-edge themes in traditional business areas, we are developing products and businesses that help solve social issues in fields such as telecommunications, electronics, mobility, energy, healthcare, and nursing care. In 2022, we launched a new brand, *Welsurt*, to reinforce technological development and product proposals in each of these fields. As part of product development efforts under this brand, we apply our unique sheeting

technology and leverage advanced materials such as carbon nanotubes at our R&D base in the U.S. We aim to collaborate with other companies and universities to bring our products more promptly to market.

→ See pages 20–23 for details.

We will also strive to create an environment that welcomes ideas and proposals for new products from all parts of the Company.

## In Conclusion

We expect the operating environment to remain difficult in the Company's 130th fiscal period (the fiscal year ending March 31, 2024). We will overcome such an environment by harnessing the collective strength of the LINTEC Group. Additionally, under LSV 2030-Stage 2, which begins next fiscal year, we will incorporate new measures based on the current situation and make a fresh start toward achieving our targets under LSV 2030. Despite the challenging environment, the LINTEC Group remains committed to taking an aggressive approach in

areas slated for future growth, including R&D expenses, capital expenditures, and M&A activities involving major synergies and technology acquisitions.

The LINTEC Group will work to continuously enhance its corporate value by implementing a "value creation cycle," in which we create value together with all our stakeholders, return the resulting profits to our shareholders and society, and invest for further growth.

I am grateful to and ask for the unwavering support of our stakeholders going forward.



**Makoto Hattori**

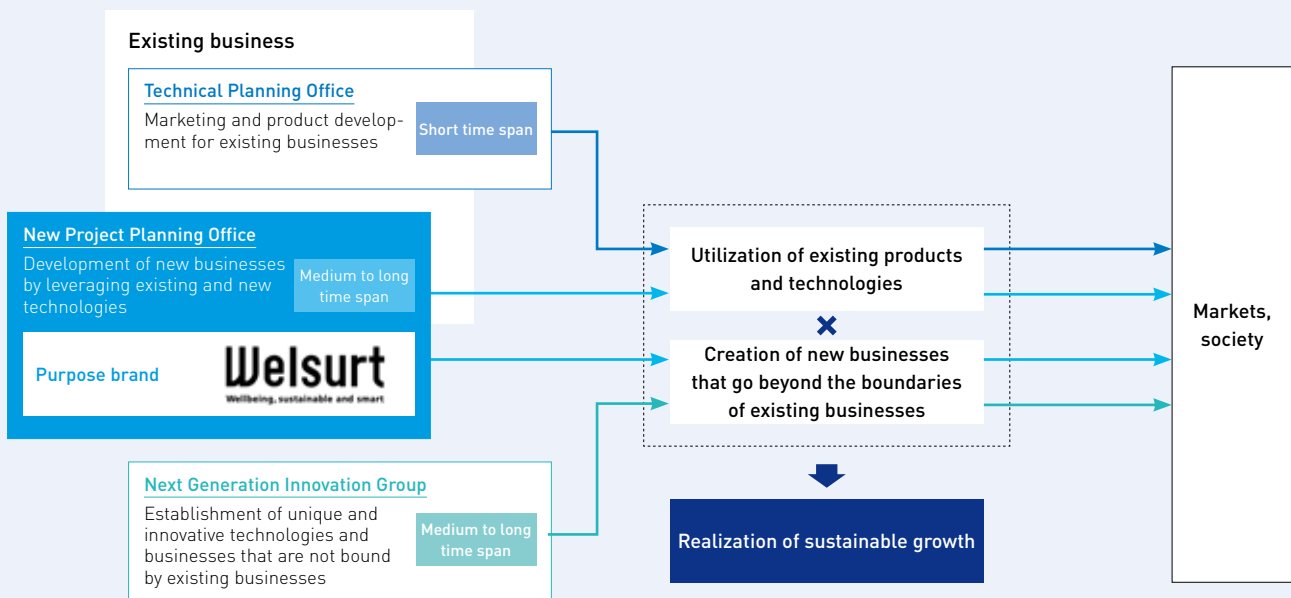
Representative Director  
President, CEO and COO



# Aiming to Create New Value

“Create new products and businesses to deliver sustainable growth” is one of the key initiatives of LSV 2030, our long-term vision. In line with this aim, the Business Administration Division takes the lead in promoting product development and the search for new development themes to meet customers’ needs. Within this division, we have the Technical Planning Office, the New Project Planning Office, and the Next Generation Innovation Group, which handle different business and technology domains, and we work closely with the Research & Development Division and other divisions to create new value. Here, we introduce some of the New Project Planning Office’s initiatives.

## Roles of Organizations within the Business Administration Div. Aiming to Create New Products and Businesses



## Creating a New Business Brand with the Objective of Resolving Various Social Issues

Currently, the New Project Planning Office is strengthening its R&D efforts to create new products and businesses, with a focus on areas such as the saving of energy, the creation of energy, the conservation of marine resources, information and communication technology/electronics, mobility, and medical/nursing care. In July 2022, the office announced the new purpose brand *Welsurt* to address each of these development themes. The brand name represents our commitment to helping resolve various issues toward the realization of a sustainable society where everyone can live a vibrant life. We aim to tackle environmental and social issues by integrating new technologies with the unique adhesive, release, and papermaking technologies we have cultivated to date.

**Welsurt**  
Wellbeing, sustainable and smart

<b>Well-being</b>	A state of physical, mental, and social satisfaction
<b>Sustainable</b>	Realization of sustainability
<b>Smart</b>	Social innovation using electronics technology and networks

Sustainable Fields Where Welsurt Will Address Issues



Telecommunications (5G/6G)



Medical and nursing care



Mobility



Industrial parts and materials (enhance productivity)



Saving of energy



Creation of energy



Reusing and recycling



Conservation of marine resources

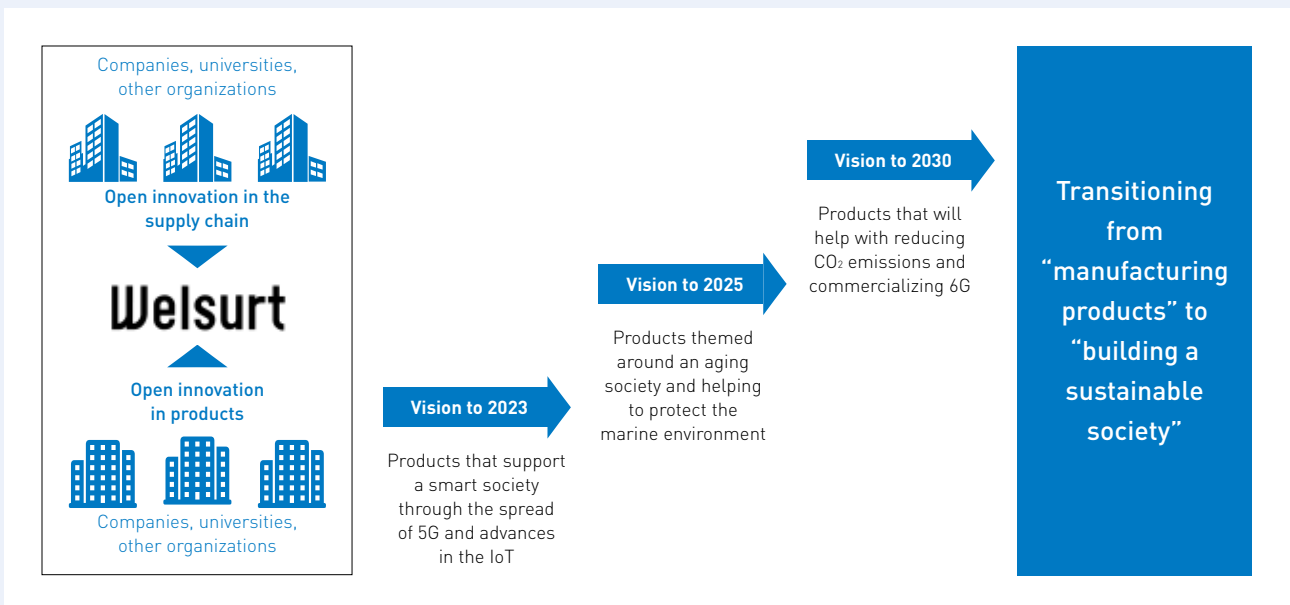


Aiming to Realize Medium- to Long-Term Social and Corporate Value

Based on the concept of backcasting, the New Project Planning Office is progressing with medium- to long-term *Welsurt* product development in three phases, with 2023, 2025, and 2030 serving as milestones during our long-term vision for 2030. At each phase, we will take into account social issues and megatrends, such as the widespread adoption of the 5G high-speed telecommunications standard, the practical application of the future 6G standard, advances in the Internet of Things and artificial intelligence, the increasing challenges posed by an aging population and labor shortages, and the growing demand to reduce CO<sub>2</sub> emissions.

Our goal is to create value that addresses all these issues. In product development, in addition to applying its own core technologies and overseas subsidiaries' proprietary technologies, the Company will promote open innovation—we will collaborate on development, sharing related technologies with other companies, universities, and other external organizations. With *Welsurt*, we will go beyond our own manufacturing and strive to contribute to sustainable social development. Another key focus of the New Project Planning Office is developing human resources with a view past 2030.

Welsurt Vision to 2030



## Examples of Products We Have Developed

We are moving forward with the development of technologies and proposing applications for *Welsurt* products. Here, we introduce the products we have developed, dividing them according to social and environmental themes.

### S

#### Social Innovation

##### Millimeter-Wave Absorbing Materials

We have developed a sheet material capable of controlling electromagnetic waves in the millimeter range. We are proposing that automobile repair shops use these sheets to suppress electromagnetic interference. Such interference, caused by surrounding metal objects, can obstruct testing to determine whether the millimeter-wave radar used in advanced driving support systems is operating properly.

##### Film Heaters

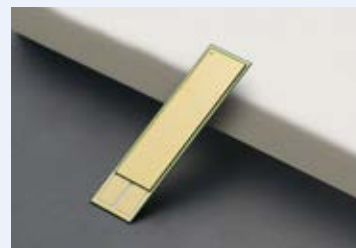
Film heaters generate heat instantly when electricity is passed through them. Our proprietary wiring and sheet technologies are used to achieve excellent transparency and elasticity. We expect these heaters to be utilized in preventing snow and ice from building up on high-precision lidar sensors, which are necessary for advanced self-driving technology, as well as headlights and in-vehicle cameras.



Various sheet materials we have developed and are proposing to support automobile safety and automatic driving

##### Ultra-Thin and Lightweight Peltier Modules

These ultra-thin, lightweight cooling modules utilize the Peltier effect to absorb and release heat when electricity is applied. We believe these modules can be used to control heat in electronic materials, which is useful as these devices grow increasingly dense. Whereas typical modules are several millimeters thick, we have achieved a thickness of 0.6 millimeters. The modules are thin and lightweight and have a high cooling effect.



Peltier modules effectively controlling heat in electronic components

##### CNT Wearable Sensors

We have developed wearable sensors made from threads of carbon nanotubes (CNTs), which excel in electrical conductivity, strength, durability, and flexibility, and are woven into a stretchable fiber. When attached to a glove or supporter, these sensors can detect bending and stretching movements of fingers, arms, and legs. They can thus be used to communicate information related to nursing care, rehabilitation, sports, and games.



Wearable sensors using CNTs

### E

#### Environmental Innovation

##### Ultra-Thin Thermoelectric Modules

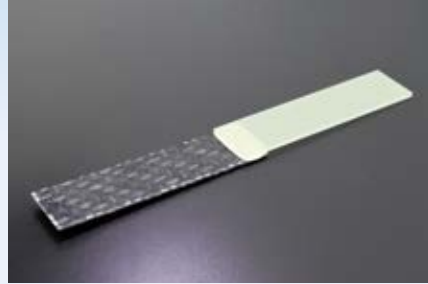
These modules are capable of converting thermal energy into electrical energy, using slight differences in temperature. Being only 0.6 millimeters thick, the modules adhere well even to curved surfaces, so they can be attached to heat-generating surfaces such as curved industrial ducts. They can also help conserve energy when mounted on wearable and mobile devices.



A thermoelectric module that is flexible and can be affixed to curved surfaces

## High-Frequency Dielectric Heating Adhesive Film

These adhesive sheets, which melt when exposed to high frequencies, can bond different materials such as glass and resin. While offering the same bonding strength as conventional liquid adhesives, the sheets reduce working time. Also, another application of high-frequency waves nullifies the adhesion, facilitating dismantling. We believe these sheets can be used on components to facilitate the recycling of automotive parts.



Adhesive sheets that are melted using high frequencies to bond dissimilar materials

## Blend Paper Using Koamamo

We have succeeded in producing paper by blending a type of seaweed, *koamamo* (Japanese eelgrass), with wood pulp. *Koamamo* is found throughout Japan and is recognized for its role in CO<sub>2</sub> absorption. However, the seaweed is sometimes removed and discarded to protect the habitat of baby clams and secure fishing routes for fishermen. Using *koamamo* as a resource could contribute to waste reduction and foster "decarbonization of the sea."



*Koamamo* mixed paper has a unique texture

## A Message from the General Manager, New Project Planning Office

The main mission of this office is creating new products and businesses, which the Company has identified as a key initiative in its long-term vision. To achieve this, we have envisioned our ideal state for 2030 and selected development themes aimed at solving societal and environmental issues. Last year, we launched the purpose brand *Welsurt* and have been strengthening our technological development and product proposals. In our development efforts, we believe it is crucial to leverage the technology and manufacturing processes we have cultivated to establish a market position distinct to LINTEC.

For example, various companies have entered the market for Peltier modules. However, we have used our sheeting technology, which we have refined over the years, to develop a flexible module that is thinner and lighter than conventional products. As a result, we will expand applications into the area of wearable devices. Also, we are using our proprietary technologies to make steady inroads in the development of promising new products, such as pellicles for extreme ultraviolet (EUV) lithography systems. This particular product is aimed at the "front-end process" domain, which is a segment of the semiconductor industry we have not yet entered. Moving forward, we will continue to boldly take on challenges in new markets and technological areas outside our conventional domains, in an effort to create new value to solve social issues.

### Takeshi Segawa

General Manager,  
New Project Planning Office,  
Business Administration Div.



**A Message from the CFO**

**We aim to enhance corporate value in the areas of investor relations, finance, and information systems.**



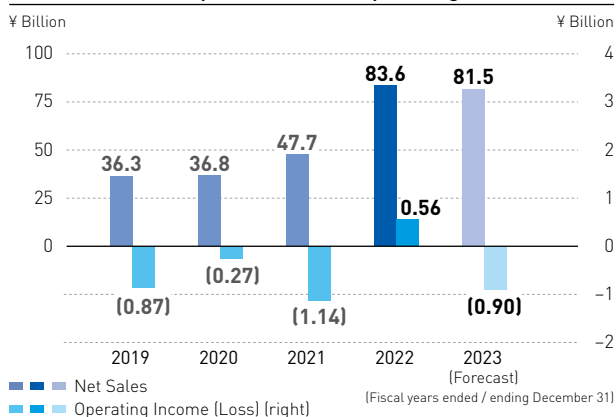
**Yoichi Shibano**  
 Director, Managing Executive Officer, and CFO, and Executive General Manager, Administration Div.

**Review of the Fiscal Year Ended March 31, 2023, and Outlook for the Future**

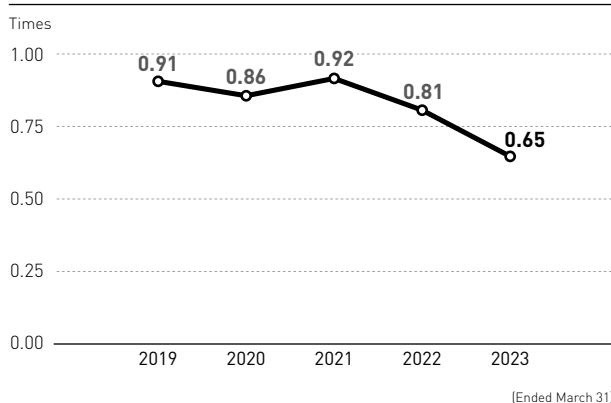
In the fiscal year ended March 31, 2023, net sales rose ¥27.8 billion year on year, to ¥284.6 billion, reaching a record high. This expansion was the result of an acquisition in the U.S. as well as the impact of yen depreciation. However, we were affected by a number of negative factors on the profit front. We experienced sharp increases in raw material and fuel prices, including pulp, and demand for electronic- and optical-related products dropped off rapidly, leading to lower production facility utilization rates and a rise in operating losses. On the other hand, certain factors buoyed profits, such as the turnaround of MACTAC AMERICAS, LLC, due in part to the impact of acquisitions, thorough cost reduction efforts, and product price revisions. However, these factors were not enough to prevent operating income decreasing ¥7.8 billion, to ¥13.8 billion, and profit attributable to owners of parent falling ¥5.1 billion, to ¥11.5 billion.

During the fiscal year ending March 31, 2024, we expect sales to rise and profits to decline due to the substantial impacts of a sluggish electronics market, particularly in the first half. We also anticipate, persistently high raw material and fuel prices, and a slowdown in the U.S. economy. The LINTEC Group will continue to focus on boosting earnings by thoroughly reducing costs, improving productivity, and revising prices. For the fiscal year, we assume an exchange rate of ¥135 to US\$1. Recently, pulp prices have been falling, but considering the inventory purchased during the period of soaring prices, we assume a cost of ¥117/kg this fiscal year, compared with ¥110/kg in the previous fiscal year. A ¥1 change in pulp prices affects operating income by around ¥100 million. Also, our current fiscal year forecast does not include the impact of an acquisition of a business and related assets by a Group company in Canada, which we announced in May.

**The MACTAC Group's Net Sales / Operating Income (Loss)**



**PBR**





## Improvement of Profitability and Asset Efficiency

Recently, attention has focused on a price-to-book value ratio (PBR) below 1.0 times reflecting investors' low expectations of future performance and growth potential. We recognize this as a significant issue. Based on our March year-end stock price, the Company's PBR has not been above 1.0 times for the past five years, and our PBR was 0.65 time as of March 31, 2023. First, we believe that increasing profit attributable to owners of parent and improving ROE will be crucial to boosting our stock price. In addition to expanding the top line, improving profitability will be key. To this end, we have already begun internal discussions, including on how best to optimize our business portfolio. Initially, we will focus on such measures as revising prices, reassessing

unprofitable products, and reducing fixed costs in each business operation. Our ultimate goal is to establish a corporate structure that can generate profits even in a challenging business environment.

In addition to looking at the sales and profitability levels of each business operation, we are creating balance sheets for each to draw more attention to asset efficiency. By clearly identifying the turnover ratios of accounts receivable, inventory, and fixed assets for each business operation, we aim to identify any issues and set key performance indicators (KPIs) thereof. This approach will enable us to focus on proper asset management and address any factors that may be sapping profitability.

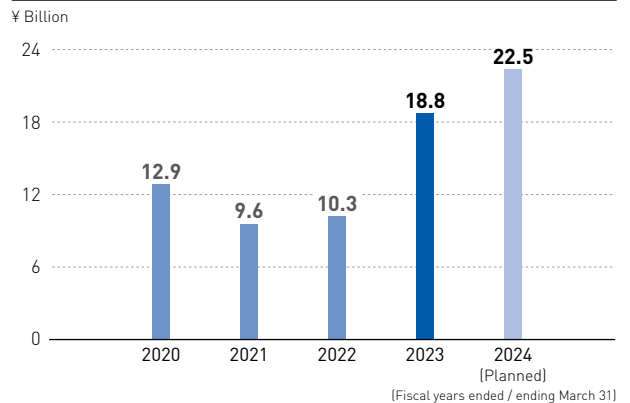
## Investment Strategy

Our future investment strategy will focus first on capital expenditures in our growth businesses. In the fiscal year ended March 31, 2023, capital expenditures reached a record ¥18.8 billion, mainly for the expansion of production facilities for multilayer ceramic capacitor-related tape and semiconductor-related adhesive tape. In the current fiscal year, we plan for capital expenditures of ¥22.5 billion, surpassing last fiscal year's total. A portion of this spending will go toward ongoing construction projects and environmental investments aimed at reducing greenhouse gas emissions. We also plan to set aside a record-high ¥9.4 billion for R&D expenses, and we will proactively make necessary investments in line with our policy.

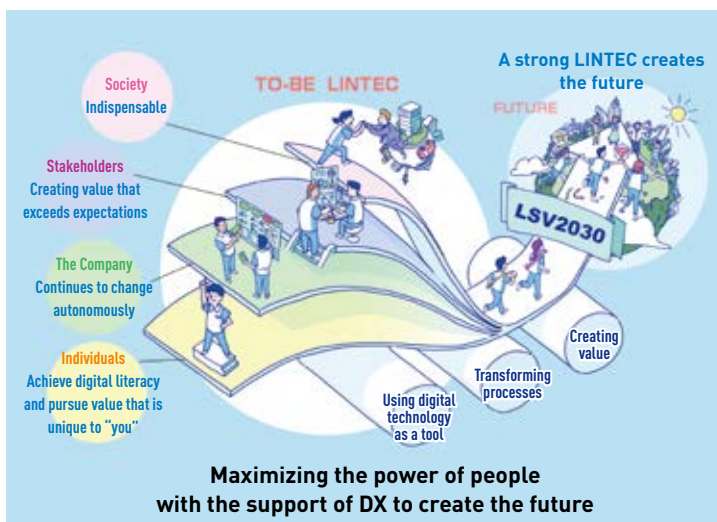
We recognize that investing in digital fields is important for sustainable growth. With this understanding, in autumn 2022 we launched a cross-functional project, LDX 2030, to promote our efforts regarding digital transformation (DX). In this

project, we have set seven transformation themes to achieve the key objectives of our long-term vision, LSV 2030. We have formulated a road map to execute and achieve these themes

### Capital Expenditures (Consolidated)



### Conceptual Diagram of LDX 2030



### Seven Transformation Themes of LDX 2030

- Revitalize internal communication to instill a mindset of change as part of our corporate culture
- Develop digital human resources for strong personnel and a robust organization
- Business Process Reengineering (BPR) that proactively utilizes digital technology
- Build a mechanism that digitizes intuition and experience to enable data-based decision-making
- Improve sales efficiency with sales DX and build a system to develop products based on customer needs
- Proactively communicate information inside and outside the Company
- Consider reallocating and optimizing domestic and overseas systems



## Financial Strategy

by considering action plans and KPIs. Moving forward, we plan to launch subcommittees composed of members from various departments and conduct basic DX training for all employees. As executive general manager of the Administration Division, which includes our Information Systems Department, I am committed to overseeing this transformation. The Doi Plant (Ehime Prefecture) and the Kumagaya Plant (Saitama

Prefecture) are expanding their production facilities for multilayer ceramic capacitor-related tape, as mentioned earlier. The two plants are working to create a production system that considers such factors as automation, labor reductions, energy savings, and decreased CO<sub>2</sub> emissions. We plan to roll out this system to other plants in the future.

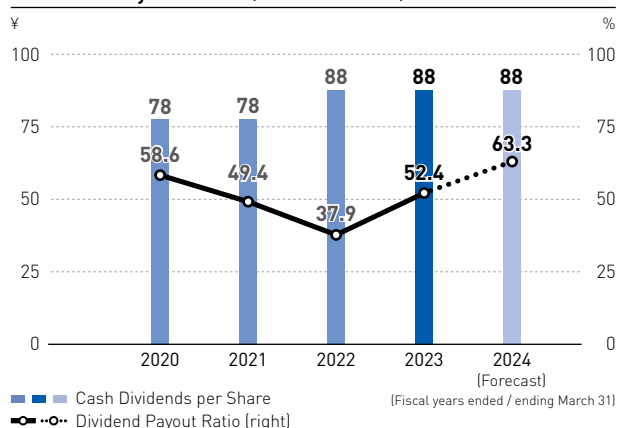
## Enhancement of Shareholder Returns

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 its management foundation. In line with this policy, for the fiscal year under review, we awarded dividends of ¥88 per share for a dividend payout ratio of 52.4%.

To clarify our stance on shareholder returns, this fiscal year we have revised our basic policy on dividends. While the Company has not lowered dividends for the past 10 fiscal years, even when performance was down year on year, we have decided to make a general rule of not reducing dividends for the next four fiscal years, through the final year of our next medium-term business plan. Additionally, we will set as benchmarks a dividend payout ratio of 40% or higher or a dividend on equity (DOE) ratio of 3%, as we keep capital efficiency in mind while meeting the expectations of our shareholders. In line with this policy, for the current fiscal year we plan to maintain the dividend at ¥88 per share, given our

earnings forecast, resulting in an estimated dividend payout ratio of 63.3%. Going forward, we will continue striving to improve profitability and further enhance shareholder returns.

### Cash Dividends per Share / Dividend Payout Ratio (Consolidated)



### Basic Policy on Dividends from the Fiscal Year Ending March 31, 2024

The Company positions the enhancement of shareholder returns as one of its most important management issues and strives to realize a distribution profits while also strengthening its management foundations. With this in mind, the Company has decided, in principle, not to reduce dividends for the four-year period from the fiscal year ending March 31, 2024, namely, the final year of the ongoing medium-term business plan LSV 2030-Stage 1, to the fiscal year ending March 31, 2027, or the final year of the next medium-term business plan LSV 2030-Stage 2 (April 2024 to March 2027). It will pay dividends with a view to achieving a payout ratio of at least 40% or a dividend on equity (DOE) ratio of approximately 3%. Furthermore, we plan to use internal reserves effectively to reinforce the Company's financial base and provide increased future corporate value through investment in production facilities and R&D.

## My Mission as CFO

Through our investor relations activities, I have had many opportunities to meet with institutional investors and securities analysts. During this dialogue, I have striven to effectively communicate the investment appeal of the Company, with the goal of earning support and cultivating LINTEC "fans." Recently, we have received numerous questions and opinions regarding how we plan to enhance our PBR and ROE. We take such questions and opinions seriously and provide feedback to top management. At the same time, by disclosing and implementing measures to improve ROE, we aim to resolve the issue of having a PBR below 1.0 time.

In recent years, we have been actively promoting M&A in North America. These efforts boosted the overseas sales ratio to approximately 62% in the previous fiscal year. As the importance of our global financial strategy has grown, this fiscal year we upgraded the Administration Division's Finance Section to the Finance Department. This upgrade allows us to enhance our overall Group fund management and efforts to improve capital efficiency. As CFO, I aim to help enhance corporate value from such as perspectives as investor relations, finance, and information systems, including by optimizing the allocation of capital and realizing DX.

## Business Strategy

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

### Through initiatives to improve profitability and develop new businesses, we will continue to provide products that support society.

In the fiscal year ended March 31, 2023, we truly felt the challenges of an era of volatility, uncertainty, complexity, and ambiguity (VUCA\*). The year was marked by such events as the Russian invasion of Ukraine, sharp depreciation of the yen, and escalating US–China trade friction. The Group’s operating environment also grew more challenging. However, thanks to the diligent efforts of our sales department, we have been able to address the soaring prices of raw materials by steadily raising our product prices, after gaining the understanding and support of our customers about the need for industry-wide price increases. Since autumn, the electronics market has experienced a steep decline, but every few years the industry sees cyclical inventory adjustments, which are followed by rapid recoveries. Accordingly, we have been progressing with our planned capital investments without any major disruptions, ensuring that we can respond effectively when demand surges. We have also seen substantial results from our proposals of various plastic alternative products and promotion of solvent-less release paper, in response to the increasing environmental awareness.

We view the current fiscal year as a time to prepare ourselves for the next medium-term business plan and the era beyond. Our long-term vision targets ROE of 10% or higher, and achieving this will require us to improve profitability. We will consider measures such as scrapping old and building new production facilities to enhance product competitiveness, as well as optimizing our business portfolio. In my view, the Company’s true purpose is to continue providing products and services that support society as people’s behaviors change. This division’s New Project Planning Office and Next Generation Innovation Group are tasked with the creation of new businesses. We continue to make progress, such as with the commercialization of pellicles for EUV lithography systems. In addition, discussions have begun between these two departments about the ideas proposed by the SDGs Committee, which I am in charge of promoting. Going forward, we will work together with the Production Div. and the Research & Development Div. to leverage our strengths in customizing solutions according to customers’ needs, thereby realizing the purpose I mentioned earlier.

\* VUCA: Representing the characteristics of an unpredictable business environment

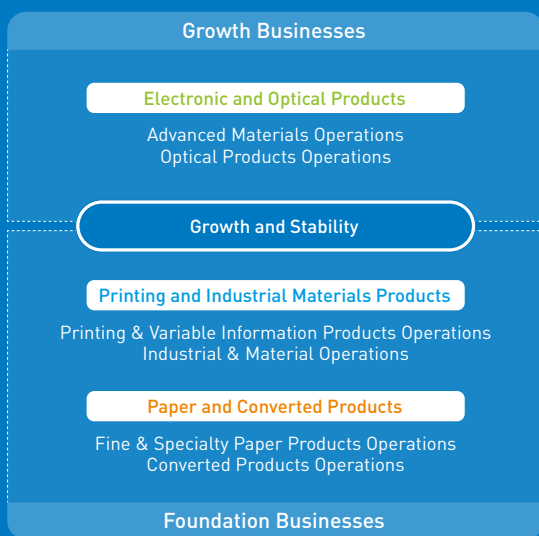
#### Takeshi Kaiya

Director, Senior Managing  
Executive Officer  
Executive General Manager,  
Business Administration Div.



### Three Business Segments

Based on the similarities of their products, technologies, and markets, the Company's six operations are classified into three segments. Printing and Industrial Materials Products is our mainstay segment; Electronic and Optical Products is driving growth; and Paper and Converted Products supports our adhesive business. In each operation, we are developing growth strategies tailored to the characteristics of each business and market.



### An Earnings Structure That Is Relatively Impervious to the Market Conditions of a Single Industry

Of the diverse range of products LINTEC offers, demand for Electronic and Optical Products has trended generally upward, in line with the expansion of the electronics market, although conditions vary by market. Meanwhile, Printing and Industrial Materials Products and Paper and Converted Products are foundation businesses with relatively stable demand, as these products are used in a wide range of fields such as food, daily necessities, stationery, construction materials, logistics, and automobiles. The Group's business extends across multiple industries rather than relying on a specific sector, providing us with both growth potential and stable earnings.

- Food related
- Daily necessities related
- Consumer electronics related
- Distribution and logistics related
- Building related
- Automobile related
- Communications device related
- Industrial equipment related
- Stationery related
- Industry related
- Aircraft related



## 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

### Strengths

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

### Weaknesses

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

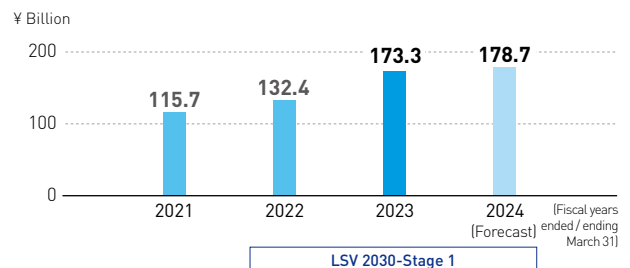
### Opportunities

- Increase in environmental needs around the world
- Rebound in demand, thanks to a post-pandemic slump in economic activity
- Increased demand for automated label application due to expansion of the market for online sales and labor shortages

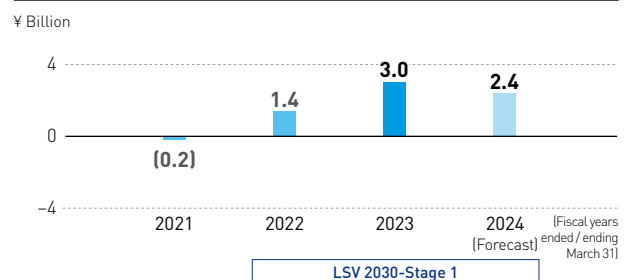
### Threats

- Sluggish growth for the domestic market and falling demand for film products
- Sharply higher prices on mainstay materials

### Net Sales by Segment



### Operating Income (Loss) by Segment





## 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

#### Strengths

- Ability to provide comprehensive solutions that combine semiconductor-related adhesive tape and equipment, and a product lineup boasting the top share of the global market
- Long record of supplying numerous semiconductor and electronic component manufacturers worldwide and an ability to respond to customer needs
- Product design capabilities that utilize our core technologies in optical display-related businesses

#### Weaknesses

- Creation of a new field of business to follow semiconductor-, electronic component-, and polarizing film-related businesses
- Profitability in optical display-related businesses

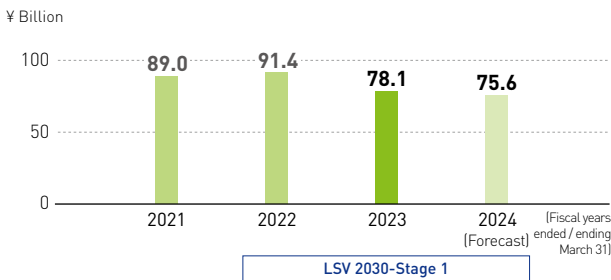
#### Opportunities

- Market expansion accompanying society's rapid digitalization, as reflected in the spread of 5G, the IoT, and EVs
- Technological innovation in relation to semiconductors, electronic components, and optical displays

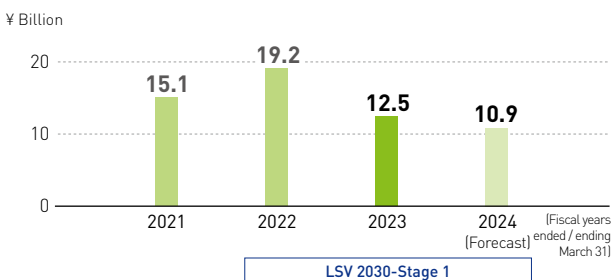
#### Threats

- Supply chain disruptions caused by geopolitical risks and natural disasters
- Increasingly severe competition in the display market and the commoditization of related technologies

### Net Sales by Segment



### Operating Income by Segment\*



\* Some products in Paper and Converted Products were transferred to Electronic and Optical Products from the fiscal year ended March 31, 2022. Results for the fiscal year ended March 31, 2021, have been restated to reflect this transfer.



## 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

#### Strengths

- Large shares of domestic markets for color paper for envelopes and special function paper as well as original paper-making technologies
- Integrated production system beginning with release base paper and outstanding technologies for release agent formulation and coating

#### Weaknesses

- Sales networks, delivery capabilities, brand power, and price competitiveness in overseas markets
- Ability to research new markets and develop new products

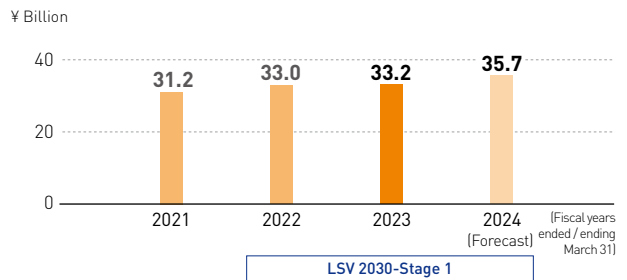
#### Opportunities

- Increasing demand for high-value-added products overseas
- Growing environmental needs in Japan and overseas
- Rebound in demand, thanks to a post-pandemic slump in economic activity

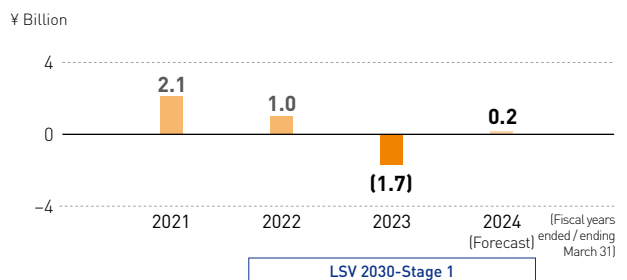
#### Threats

- Further progression toward becoming paperless
- Soaring prices for key raw materials, including imported pulp and petrochemical raw materials

### Net Sales by Segment



### Operating Income (Loss) by Segment\*



# Printing and Industrial Materials Products



## Printing & Variable Information Products Operations

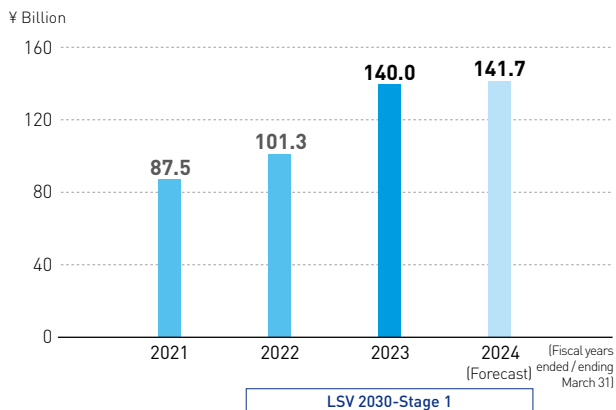
### Business Operations Introduction

Accounting for approximately 50% 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 in recent years we have focused on expanding business in the North American market, centered on U.S. subsidiary MACTAC AMERICAS, LLC.

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

- Expand production bases and strengthen sales capabilities overseas, including in 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 quality, cost, and delivery and increase profits

### Net Sales: Printing & Variable Information Products Operations



Note: At the start of the fiscal year ended March 31, 2022, all products belonging to Industrial & Material Operations at MACTAC AMERICAS were transferred to Printing & Variable Information Products Operations. Results for the fiscal year ended March 31, 2021, have been restated to reflect this transfer.

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

During the fiscal year ended March 31, 2023, the Japanese market was characterized by sluggish performance in the food and beverage sector as consumers curbed purchases in the face of rising prices. However, we saw an increase in the adoption of environmentally friendly products, such as adhesive paper with excellent water resistance used as a substitute for film, and performance was solid in areas related to logistics and pharmaceuticals. In overseas markets, in Southeast Asia results were lackluster, particularly in industrial sectors, affected by supply chain disruptions. However, the inclusion of SPINNAKER PRESSURE SENSITIVE PRODUCTS LLC in the MACTAC group in the U.S. contributed substantially to performance.

In this business, expanding sales overseas, as well as in Japan, will continue to be an important focus for sustained growth. The current economic slowdown has presented challenging conditions in the European and U.S. markets, but we will strive to enhance our competitiveness through further cost reductions. We are seeing synergies with the MACTAC Group take shape, with sales of LINTEC products rising in the U.S. and sales of MACTAC's hot-melt adhesive products expanding in Japan. We will also work on expanding sales of the hot-melt products we launched this year. Additionally, to meet increasing environmental demand, we aim to broaden our lineup of environmentally friendly products and establish a recycling system for release paper.



**Masaaki Yoshitake**  
Managing Executive Officer  
Deputy Executive General  
Manager, Business  
Administration Div., and  
Executive General Manager,  
Printing & Variable  
Information Products  
Operations





## Industrial & Material Operations

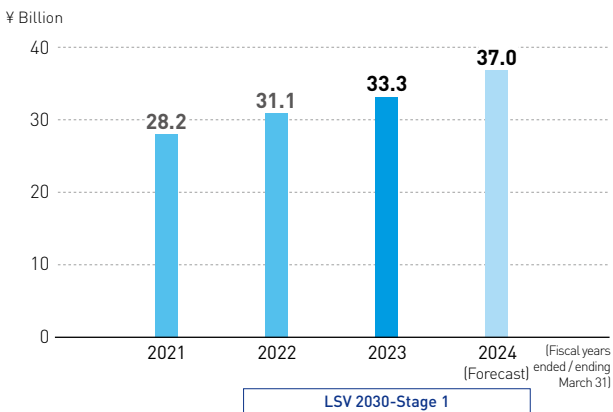
### Business Operations Introduction

These operations manufacture and sell a wide range of products. Our window film offers various functions, 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.

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

- 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: Industrial & Material Operations



Note: At the start of the fiscal year ended March 31, 2022, all products belonging to Industrial & Material Operations at MACTAC AMERICAS were transferred to Printing & Variable Information Products Operations. Results for the fiscal year ended March 31, 2021, have been restated to reflect this transfer.

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

In the fiscal year ended March 31, 2023, the recovery in automobile manufacturing was delayed in Japan, but production trended upward overseas. As a result, automotive products performed well, and we posted strong sales of window film, particularly in the Indonesian market. Demand for window film for buildings also grew, driven by the effects of a new sample catalog and increasing security needs. Construction-related products such as interior and exterior signage, also performed well, as events and exhibitions reopened.

In the interest of boosting sales further and improving profitability, in April 2023 we integrated two Group companies in Japan that specialize in the decorative film business, establishing a structure for creating synergies. In the industrial systems-related business, which is expected to see further growth in demand related to online sales, we will focus on meeting the need for automation driven by labor shortages. We will also concentrate on expanding sales of new electric labeling machines. For window film for automobiles, we will deploy promotions utilizing social media to convey the benefits of film installation to users and improve installation rates through increased awareness. Additionally, we will promote the adoption of solventless, biomass-based, and recycled materials.



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



# Electronic and Optical Products



## Advanced Materials Operations

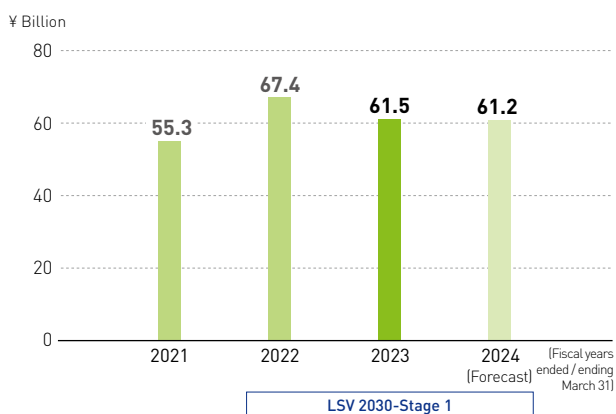
### Business Operations Introduction

We are building a unique position in the electronics industry, which is expected to continue to record substantial growth. Our products include a variety of specialized adhesive tape that plays an important role in semiconductor manufacturing and mounting processes, and we also make equipment that fully leverages the special features of this tape. In addition, we produce and sell release film that is crucial in the production of multilayer ceramic capacitors.

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

- 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 (microelectromechanical systems)
- Launch carbon nanotube products

### Net Sales: Advanced Materials Operations



### A Message from the Executive General Manager, Advanced Materials Operations

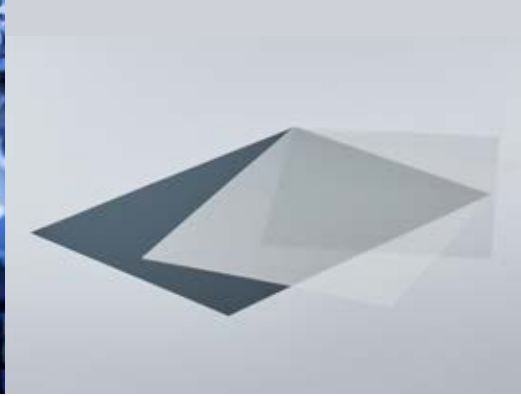
During the fiscal year ended March 31, 2023, the easing of pandemic-era demand and an economic downturn in China prompted by the country's zero-COVID policy, as well as global inflationary pressures due to geopolitical issues, prompted a decline in consumer sentiment. This led to a slump in the overall electronics market, including demand for smartphones and PCs, as well as automotive and industrial applications. Despite the positive impact of the rapid depreciation of the yen on this business, sales were down year on year.

Despite the difficult business environment, we are preparing for a recovery in the electronics market and renewed growth in demand for our products. In terms of capital expenditures, we finished installing a machine to produce multilayer ceramic capacitor-related tape in March 2023. We plan to add one more unit this fiscal year and another two during the fiscal year ending March 31, 2025. Additionally, the installation of new production equipment for semiconductor-related adhesive tape is scheduled for completion in early 2024. In addition to enhancing our production capacity, we will focus on streamlining operations at our operating sites around the world and adapting to the changing supply chain. We aim to quickly commercialize new products involving pellicles for extreme ultraviolet (EUV) lithography systems, which form the fine electronic circuits.



### Kinya Mochida

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



## Optical Products Operations

### 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 thick optical clear adhesive (OCA) sheets used in automotive touch screens.

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

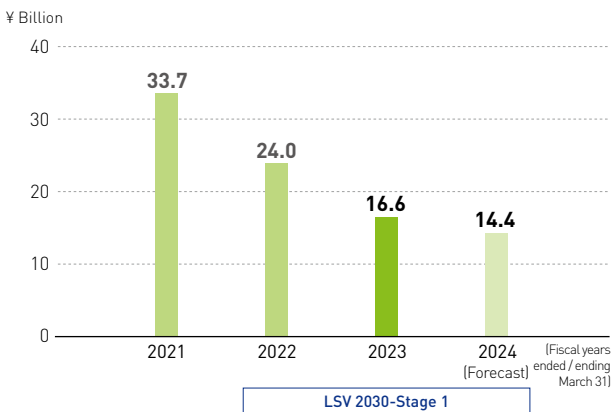
- Develop adhesives for next-generation displays
- Develop and expand sales of new optical clear adhesive (OCA) products
- Enter new markets for light diffusion film

### A Message from the Executive General Manager, Optical Products Operations

The fiscal year ended March 31, 2023, saw a significant decrease in the adhesive processing business for polarizing film. This was due to a slowdown in the shipment volume of various display-equipped devices, such as optical display-related products for use in large-size TVs, PCs, and smartphones, caused by the backlash from the COVID-19 demand surge, reduced personal consumption due to accelerating inflation, and supply chain disruptions caused by lockdowns in China. On the other hand, touch screen-related products, such as thick OCA sheets for optical applications for in-vehicle use, which is a current area of focus, performed firmly.

In the polarizing film business, where competition is increasingly intense due to the emergence of Chinese manufacturers, we continue to strengthen our ties with a cooperating manufacturer of polarizing film and expand our presence in the high-end market. Going forward, we will focus on reducing costs by streamlining product areas such as adhesives and release film, as well as on establishing an optimal global production system. Additionally, for thick OCA sheets, we aim to expand sales in the Chinese market and launch high-functional new products such as solvent-less, UV-cutting, corrosion-resistant, colored, and light-diffusing film. Furthermore, we will concentrate on the development of light diffusion film for reflective LCDs and high-barrier film for next-generation solar cells.

### Net Sales: Optical Products Operations



Note: Due to the application of the Accounting Standard for Revenue Recognition, sales are down sharply compared with the period prior to application in the fiscal year ended March 31, 2021.



**Satoru Shoshi**

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

# Paper and Converted Products



## Fine & Specialty Paper Products Operations

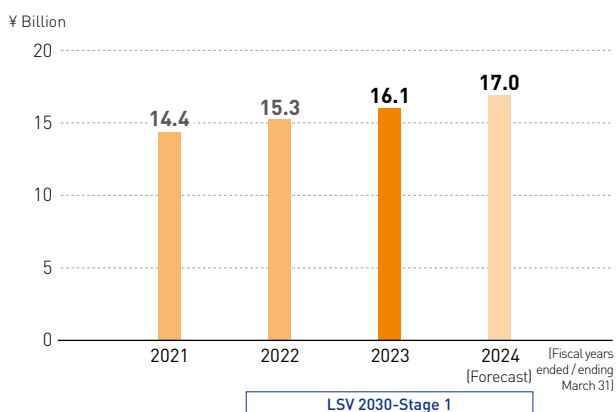
### Business Operations Introduction

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.

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

- 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

### Net Sales: Fine & Specialty Paper Products Operations



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

In the fiscal year ended March 31, 2023, sales of our main product, color paper for envelopes, were comparable with the previous year's level despite sluggish market conditions, thanks in part to the effect of sales price revisions. However, sales of industrial specialty paper, such as dust-free paper, declined due to a downturn in semiconductor demand. On the other hand, colored construction paper performed well thanks to the resumption of school events, while oil- and water-resistant paper benefited from increased demand for use in fast-food restaurants and other takeout services. Overall, sales rose, but our profits were affected significantly by the rise in pulp prices, making this a challenging year.

Improving profitability is an urgent challenge for this business. While seeking customer understanding, we will proceed with sales price revisions for our products. We will also scale our production system to match current production levels and reduce inventories through standardization and by discontinuing some products. To continue growing despite the market trend away from paper usage, we will need to expand our lineup of environmentally friendly products. We will focus on developing and increasing sales of packaging materials that can serve as substitutes for plastics, such as thick oil- and water-resistant paper that can be used as containers for convenience store lunches, and translucent paper that can replace clear plastic folders. In this same vein, we will also prioritize the development and promotion of biodegradable heat-sealing paper and other high-performance paper.



**Satoshi Aoki**  
Executive Officer  
Executive General Manager, Fine & Specialty Paper Products Operations, Business Administration Div.



## Converted Products Operations

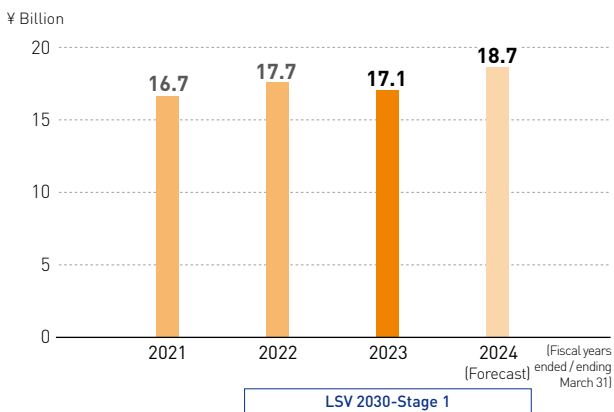
### Business Operations Introduction

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.

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

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

### Net Sales: Converted Products Operations



### A Message from the Executive General Manager, Converted Products Operations

In the fiscal year ended March 31, 2023, market conditions recovered gradually. However, performance in release paper for electronic materials was weak, due to a decline in smartphone demand. Sales of release film for optical-related products also decreased significantly, mainly for television applications. On the other hand, casting paper for carbon fiber composite materials increased, due to strong demand in the sports and leisure industry. Meanwhile, sales of casting paper for synthetic leather fell due to sluggish demand for automotive seats. Despite our introduction of sales price revisions to cope with high raw material and fuel costs, overall performance in this business was down year on year.

Improving profitability is an urgent priority for us in the fiscal year ending March 31, 2024, so we will cut costs further and work to introduce sales price revisions. As environmental responsiveness will be the most important theme over the medium to long term, we will continue to promote the usage of solvent-less release paper, which does not use organic solvents in its production process. We will also concentrate on eliminating the use of polyethylene resin in release paper. In addition, to expand sales of casting paper for synthetic leather, we will strengthen sales promotions to vehicle synthetic leather manufacturers and establish a sales structure in Europe by opening a base in Milan, Italy. We will also continue to develop new products, such as casting paper for synthetic leather that can give water repellency and casting paper for various film-forming applications.



**Toshimi Sugaya**  
 Managing Executive Officer  
 Deputy Executive General  
 Manager, Business  
 Administration Div., and  
 Executive General Manager,  
 Converted Products  
 Operations

## A Message from the Executive General Manager, Research & Development Div. Further Enhancing Our R&D Capabilities and Aiming to Create New Businesses and Products

The Research & Development Division divides its research themes into those for growing markets, such as Electronic and Optical Products; mature markets, including Printing and Industrial Materials Products and Paper and Converted Products; and new markets to expand our field of business. In the fiscal year ended March 31, 2023, progress on research themes in these areas proceeded essentially according to plan. In growing markets, we have successfully developed products for use in semiconductor manufacturing, such as surface protective tape for high-bump wafers, as well as optically transparent adhesive sheets for flexible displays. In mature markets, we have introduced environmentally friendly products, including many solvent-less products, as well as products made from biomass and recycled materials. In new markets, we have made advances in the development of products such as ultra-thin and lightweight Peltier modules, gas barrier film, and millimeter-wave absorbing materials.

This fiscal year, our top priority is to commercialize as many products possible that we have developed for new markets. In growing markets, we will leverage our technological advantage to develop high-performance products

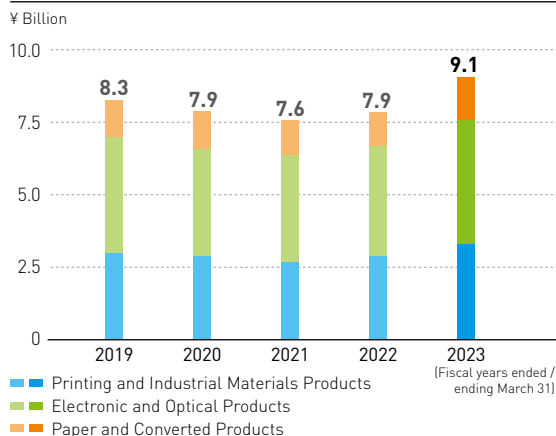
that will enable us to further expand our market share. In mature markets, we will continue to focus on developing environmentally friendly products to differentiate ourselves from competitors and add higher value. Also, digital transformation (DX) is an essential way for us to significantly improve our development efficiency. By reducing the time spent on administrative tasks and information gathering, we intend to create an environment where we can concentrate on research and development. Utilizing big data, machine learning tools, and other resources, we aim to accelerate the pace of development and create new businesses.

We believe our strengths in R&D lie in our four core technologies, market dialogue-driven product development, and flexible corporate culture that encourages individual creativity. Over the years, we have enhanced our technological capabilities and responded customer needs by flexibly combining and further evolving our own material and process technologies. Moving forward, while maintaining a focus on in-house technology development, we will also embrace open innovation by incorporating technologies from other companies, as well as strengthening our research and development capabilities, through DX and by nurturing digital talent. We hope to help realize our long-term vision by developing products.



**Yoshihisa Mineura**  
Managing Executive Officer  
Executive General  
Manager, Research &  
Development Div.

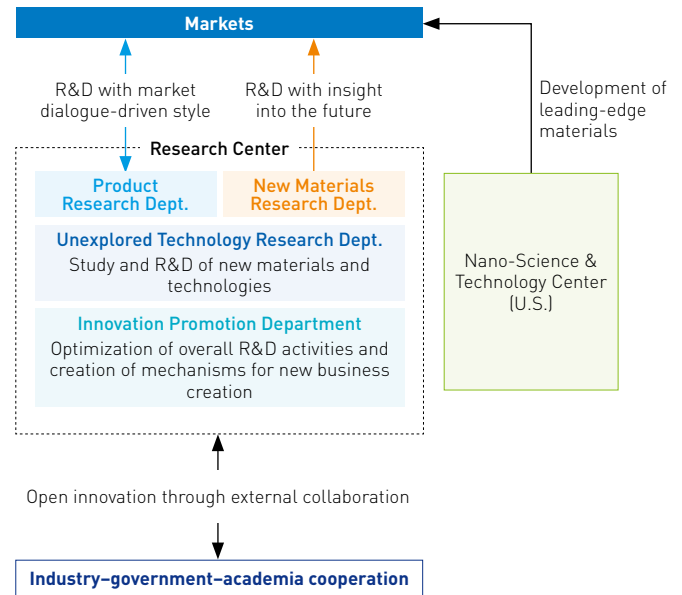
### R&D Expenses (Consolidated)





## R&D System

The Research Center (Saitama Prefecture) of the Research & Development Division is the core base for the Group's R&D activities. The center has high-precision testing and analysis equipment, 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 coaters that closely resemble plant mass-production facilities, building systems for a smooth flow from R&D to mass production. The center includes 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. In addition, in April 2022 we established the Unexplored Technology Research Department and the Innovation Promotion Department. About 200 researchers are engaged in 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 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 between the Research Center and the Business Administration Division, we have established the stage-gate system as an R&D scheme. Under this scheme, we are building a process that ensures results centered on medium- to long-term themes.

### 1 Front-Loading Design

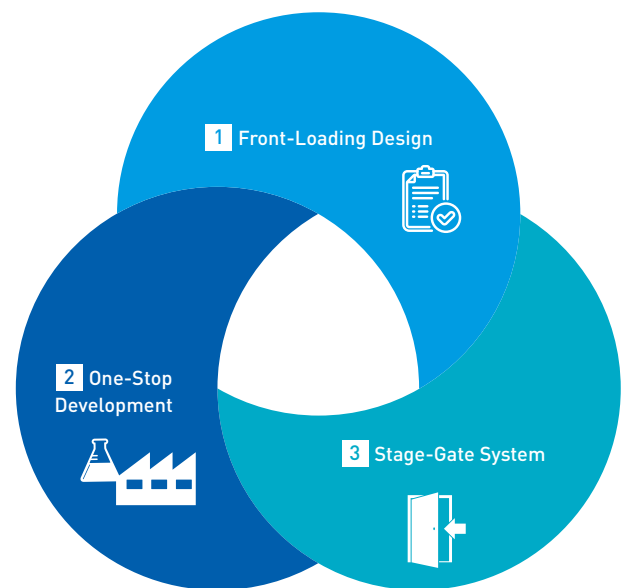
With a focus on carefully surveying customer needs and development processes, this method identifies development issues and risks, to the greatest extent possible, at the initial stage of product development. By implementing countermeasures in advance, we do our utmost to reduce the need to redo work 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. In the Research Center, large-scale testing and research facilities similar to the production facilities in our plants are used to collect various data necessary for mass production and to improve the speed of development leading up to mass production.

### 3 Stage-Gate System

This is an internal process that divides the development status of R&D themes into five stages, and rigorously examines and determines whether to advance a theme to the next stage or halt development. The aim is to prevent development from backtracking and to bring each theme to fruition steadily and quickly.



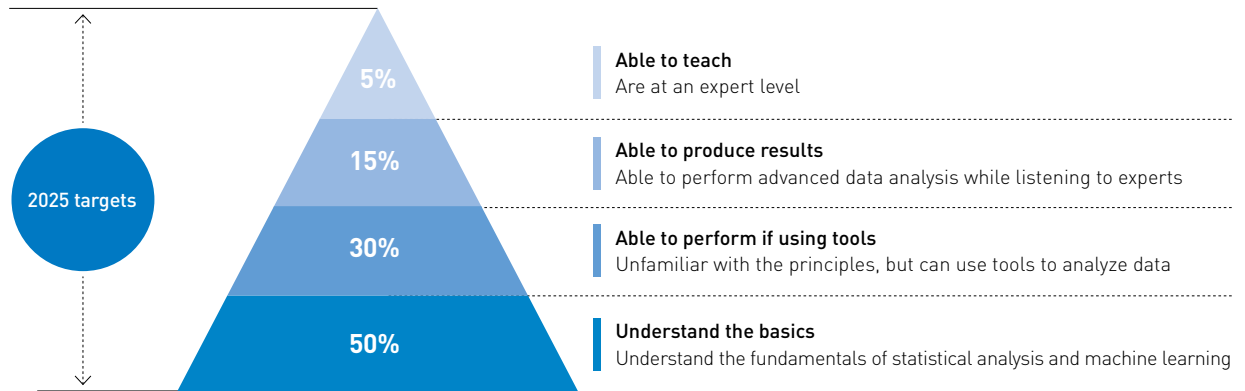


## Promotion of DX

The Research & Development Division is promoting DX to accelerate product development and create new value. Specifically, we are building a database to store our wealth of experiment records and establishing a digital information infrastructure for R&D. We have introduced and begun using materials informatics tools, such as machine learning and statistical analysis. These tools should enable us to perform efficient and accurate data analysis and

prediction, making it easier to select materials and formulations for problem-solving, significantly reducing development time. In addition, we are introducing tools for information gathering and analysis both internally and externally. We plan to apply these tools to tasks such as formulating new development themes. Meanwhile, we are also cultivating digital human resources to ensure that these DX tools are utilized across the division.

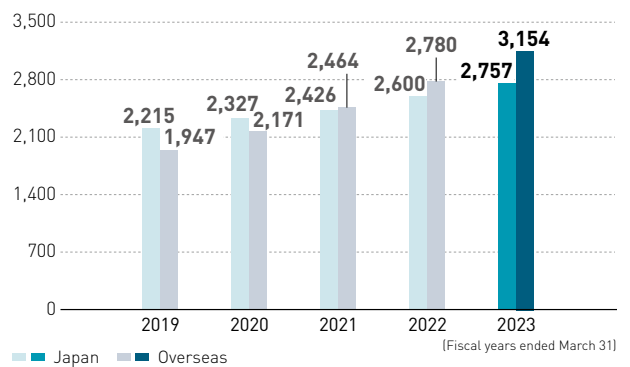
### The Research & Development Div.'s Targets for Cultivating Digital Human Resources



## 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. Making respect for the rights of other companies our basic premise, 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 maximize profits on the products we develop. In recent years, we have introduced an AI patent search system to collect intellectual property information, based on the concept of an IP landscape, to analyze intellectual property and use this information in management. The system allows us to analyze the current situation and consider future prospects using information about our own technology and that of competing companies. We then use the results of this analysis to develop our intellectual property strategy.

### Number of Patents





## 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 CO<sub>2</sub> emissions by 2050. Having adopted "Carbon Neutral Challenge" as its slogan, across all its development themes the Research & Development Division is moving forward with activities from the perspective of reducing environmental impact. We have selected themes that contribute significantly to reducing CO<sub>2</sub> emissions, particularly from the perspective of LCA.\* These efforts

include eliminating solvent-based products that emit large amounts of CO<sub>2</sub> during combustion, making thinner film-based components derived from petroleum, developing products using plant-based biomass materials and biodegradable materials, and creating products that promote reuse and recycling.

\* LCA: A life cycle assessment is a way to assess overall environmental impact by calculating inputs of energy, water, and raw materials across a product's life cycle, as well as CO<sub>2</sub> emissions and hazardous chemical substances.



Hot-melt-adhesive products for labels, which do not use organic chemicals in the production process



Examples of a laminate film that uses a biomass material as the facestock and achieves a thinner film

## Creation of New Products and Businesses for the Next Generation

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 be pillars of new businesses and help solve social issues.

### Major Fields of Focus

Electronics	<ul style="list-style-type: none"> <li>• Pellicles for EUV lithography systems</li> <li>• Materials for next-generation device manufacturing processes, etc.</li> </ul>
Energy	<ul style="list-style-type: none"> <li>• Ultra-thin thermoelectric modules</li> <li>• High-performance window film, etc.</li> </ul>
Thermal	<ul style="list-style-type: none"> <li>• Ultra-thin and lightweight Peltier modules</li> <li>• Film heaters, etc.</li> </ul>
Resources and emissions	<ul style="list-style-type: none"> <li>• Biodegradable products</li> <li>• Biomass products, etc.</li> </ul>
3Rs (reduce, reuse, recycle)	<ul style="list-style-type: none"> <li>• High-frequency dielectric heating adhesive film</li> <li>• Recyclable products, etc.</li> </ul>