

Management's Report on Internal Control over Financial Reporting

Basic Framework of Internal Control over Financial Reporting

Makoto Hattori, Representative Director, President, CEO and COO of LINTEC Corporation, and Yoichi Shibano, Director, Managing Executive Officer and CFO of LINTEC Corporation, are responsible for designing and operating adequate internal control over financial reporting for the consolidated financial statements of LINTEC Corporation (the "Company") and its consolidated subsidiaries in accordance with the basic framework set forth in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting" issued by the Business Accounting Council.

Internal control achieves its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting for the consolidated financial statements may not completely prevent or detect misstatements in financial reporting.

Scope of Assessment, Assessment Date and Assessment Procedures

We assessed the effectiveness of internal control over financial reporting for the consolidated financial statements as of March 31, 2025, in accordance with the standards for assessment of internal control over financial reporting generally accepted in Japan. For this assessment, we first evaluated the company-level controls which would have a material impact on the reliability of overall financial reporting on a consolidated basis. We then selected the process-level controls to be assessed based on the results of the company-level control assessment. For the process-level control assessment, we evaluated the effectiveness of internal control by analyzing processes in scope, identifying key controls that would have a material impact on the reliability of the financial reporting, and assessing the design and operation of such key controls.

Given the external business environmental change the Company and its consolidated subsidiaries, errors and fraud which occurred in transactions of the Company and its consolidated subsidiaries in the past, we determined the scope of assessment by selecting consolidated subsidiaries based on their materiality of financial reporting. We determined the necessary scope for assessment of internal control over financial reporting for the Company and its 20 consolidated subsidiaries from the perspective of the materiality that may affect the reliabilities of their financial reporting. The materiality that may affect the reliabilities of the financial reporting is determined taking into account the materiality of quantitative, qualitative impacts, as well as probabilities of occurrence.

For the purpose of determining the scope of process-level controls assessment, we selected two business locations as "Significant Business Locations," which contributed approximately two thirds of the Company's net sales on a consolidated basis for the fiscal year ended March 31, 2024. For the Significant Business Locations, we included business processes related to sales, accounts receivable, and inventory in the scope of assessment as the aforementioned accounts were closely associated with the Company's business objective, which is primarily manufacturing.

In addition, we included certain business processes in the scope of assessment not only from "Significant Business Locations" but also from all subsidiaries and affiliates, which were related to significant accounts involving estimates and management's judgment or include high-risk operations and/or transactions, as "business processes with a material impact on financial reporting", mainly as follows:

- Business processes related to impairment of the Company's fixed assets, since the determination of indication of impairment and calculation of future cash flows involve estimates and management's judgment
- Business processes related to valuation of the goodwill of MACtac Americas, LLC, since the determination of indication of impairment involves management's judgment

Assessment Result

Based on the results of our assessment with the above-mentioned scope, date and procedures, we concluded that Company's internal control over financial reporting for the accompanying consolidated financial statements as of March 31, 2025, was effective.