◆ Summary of Presentation for FY2022 Results, FY2023 Forecasts and Q&A ◆

◆ Consolidated Financial Results for the Fiscal Year Ended March 2022

Net sales increased 20,934 million yen (8.9%) year on year to 256,836 million yen, operating income rose 4,553 million yen (26.7%) year on year to 21,584 million yen, ordinary income climbed 5,927 million yen (35.3%) year on year to 22,698 million yen, and profit attributable to owners of parent grew 5,233 million yen (45.9%) year on year to 16,641 million yen. The application of the Accounting Standard for Revenue Recognition beginning in the fiscal year under review resulted in a decrease of 13.6 billion yen in net sales.

The non-consolidated net sales of Lintec Corporation increased 5,085 million yen (3.2%) year on year to 163,109 million yen. The net sales of consolidated subsidiaries grew 24,234 million yen (20.0%) year on year to 145,171 million yen. Non-consolidated operating income rose 3,309 million yen (33.4%) year on year to 13,203 million yen. The operating income of consolidated subsidiaries climbed 1,982 million yen (28.3%) year on year to 8,975 million yen. In operating income, a significant negative factor of 594 million yen was recorded as eliminations. This is primarily due to unrealized income of 621 million yen due to semiconductor-related adhesive tape and other products sold by Lintec Corporation to overseas subsidiaries that became ending inventory.

Non-consolidated net sales generally remained strong due to the solid performance of Advanced Materials Operations supported by strong demand for products related to semiconductors and electronic components and the recovery of demand in other businesses compared to the previous fiscal year when the COVID-19 pandemic created a severe impact. Net sales of consolidated subsidiaries grew significantly due to the solid performance of the sales subsidiary of Advanced Materials Operations and the Mactac Group’s acquisition of Duramark Products, Inc. in April in the previous year. Net sales of subsidiaries operating in the United States, China, and in Southeast Asia under the control of Printing & Variable Information Products Operations and Industrial & Material Operations also recovered compared to the previous fiscal year.

The increase in non-consolidated operating income was approximately 6.4 billion yen due to an increase in sales quantity and improved sales mix. In addition, cost reduction resulted in a profit growth of approximately 0.6 billion yen. Meanwhile, a rise in the prices of pulp, petrochemical raw materials, etc. caused profit to fall approximately 2.4 billion yen, an increase in selling expenses such as distribution costs resulted in a decrease in profit of approximately 0.6 billion yen, and fixed cost growth led to an approximately 0.7 billion yen reduction in profit. Among the consolidated subsidiaries, sales subsidiaries under the control of Advanced Materials Operations, Madico Inc., and subsidiaries operating in China and Southeast Asia achieved revenue growth, which resulted in an increase in profit.

By segment, net sales in the Printing and Industrial Materials Products segment included a year-on-year increase of 13,749 million yen (15.7%) to 101,276 million yen in Printing & Variable Information Products Operations and a year-on-year rise of 2,926 million yen (10.4%) to 31,145 million yen in the Industrial & Material Operations. Net sales in the entire segment rose 16,676 million yen (14.4%) year on year to 132,421 million yen and operating income climbed 1,613 million yen year on year to 1,373 million yen.

For the overview of net sales by business division in this segment, Printing & Variable Information Products Operations showed the steady performance of both adhesive paper and adhesive film in Japan , which was the result of an increase in demand for adhesive products for seals and labels related to food and online sales despite sluggish demand for products for cosmetics and beverage-related campaigns.

In overseas markets, sales in Asia, including China and ASEAN countries, remained strong, and sales in the United States grew significantly thanks largely to the effect of acquisitions. In the Industrial & Material Operations, demand for window film and automobile-use adhesive products indicated recovery both in domestic and overseas markets, and sales of film for decoration and devices for online sales indicated also remained strong. The reduction in net sales due to the change of accounting standards was 1.4 billion yen in the Printing & Variable Information Products Operations and 0.5 billion yen in the Industrial & Material Operations.

Net sales of Electronic and Optical Products segment resulted from an increase of 12,134 million yen (21.9%) year on year to 67,429 million yen in the Advanced Materials Operations and a decrease of 9,731 million yen (28.9%) year on year to 23,950 million yen in the Optical Products Operations.

Net sales in the entire segment rose 2,403 million yen (2.7%) year on year to 91,379 million yen, and operating income climbed 4,108 million yen (27.3%) year on year to 19,176 million yen.

Looking at an overview of net sales by business division in this segment, Advanced Materials Operations performed strongly mainly semiconductor-related adhesive tapes, semiconductor-related equipment, and multilayer ceramic capacitor-related tapes due to an increase in demand for products used for 5G-compatible smartphones and car electronics as well as those used for PCs due to the expansion of teleworking. Sales of optical display-related adhesive products in the Optical Products Operations remained solid due to steady demand for products used for large-screen TV units and other products such as PCs and smartphones. Although the impact on the Advanced Materials Operations was insignificant, the change of accounting standards resulted in a significant decrease in net sales of 11.1 billion yen in the Optical Products Operations.

Net sales in the Paper and Converted Products segment included a year-on-year increase of 898 million yen (6.2%) to 15,341 million yen in Fine & Specialty Paper Products Operations and a year-on-year rise of 955 million yen (5.7%) to 17,694 million yen in Converted Products Operations. Net sales in the entire segment rose 1,854 million yen (5.9%) year on year to 33,035 million yen, and operating income fell 1,167 million yen (54.6%) year on year to 971 million yen due to a rise in the prices of pulp and other raw materials and fuel.

Looking at an overview of net sales by business division in this segment, Fine & Specialty Paper Products Operations performed firmly, mainly in mainstay color paper for envelopes and recovery in demand for industrial specialty paper used in clean rooms and oil- and water-resistant paper used for fast food. While sales of release paper in Converted Products Operations remained mostly unchanged from the previous year, demand for casting paper for synthetic leather for use in vehicles recovered and demand for casting paper for carbon fiber composite materials for use in sports and leisure increased, resulting in steady sales. The decrease in net sales caused by the change of accounting standards was 0.6 billion yen in Fine & Specialty Paper Products Operations and insignificant in Converted Products Operations.

◆ Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023

In the fiscal year ending March 31, 2023, the recovery of economic activity is expected to continue through the lifting of restrictions on activities imposed due to the COVID-19 pandemic. However, the outlook for the year is expected to remain uncertain due primarily to the disruption of supply chains, rising energy costs and international tension due to the situation in Ukraine. The Lintec Group also expects a significant impact from continuous rises in raw material and fuel prices, logistics costs, and other expenses on its financial results.

In this business environment, the Group continues to position the sales of semiconductor-related adhesive tapes including related devices and multilayer ceramic capacitor-related tapes as a growth engine and will actively engage in new product development and capital expenditures to meet customer demand. In addition, the Group regards its contribution to the realization of a low-carbon, recycling-oriented society as an important goal not only in Japan but in the US and Asian markets, and will strive to improve its financial performance by aggressively developing and promoting sales of high-function products such as adhesive products for seals and labels, energy-saving multi-functional window film, and paper and converted products.

The outlook for the consolidated results for the fiscal year ending March 31, 2023, includes a year-on-year increase in net sales of 28.2 billion yen (11.0%) to 285 billion yen, a year-on-year decrease in operating income of 0.1 billion yen (0.4%) to 21.5 billion yen, a year-on-year fall in ordinary income of 1.2 billion yen (5.3%) to 21.5 billion yen, and a year-on-year decline in profit attributable to owners of parent of 1.1 billion yen (6.9%) to 15.5 billion yen.

The non-consolidated net sales of Lintec Corporation are forecast to increase 4.4 billion yen (2.7%) year on year to 167.5 billion yen. The net sales of consolidated subsidiaries are forecast to grow 23.7 billion yen (16.3%) year on year to 168.9 billion yen. Non-consolidated operating income is expected to decrease 0.8 billion yen (6.1%) year on year to 12.4 billion yen. The operating income of consolidated subsidiaries is projected to rise 0.1 billion yen (1.1%) to 9.1 billion yen.

By segment, Printing & Variable Information Products Operations is forecast to achieve a year-on-year increase in net sales of 20.2 billion yen (20.0%), to 121.5 billion yen, while Industrial & Material Operations anticipates year-on-year growth of 2.4 billion yen (7.6%), to 33.5 billion yen. Net sales in the entire segment are forecast to rise 22.6 billion yen (17.1%) year on year to 155 billion yen, and operating income is projected to increase 1.1 billion yen (82.1%) year on year to 2.5 billion yen.

For the outlook for net sales by business division in this segment, the Printing & Variable Information Products Operations will focus on continuous development and expanding sales for environmentally friendly product and work to increase sales volume and earnings by improving quality, cost and delivery (QCD) in Japan and abroad. With the addition of Spinnaker Pressure Sensitive Products LLC to the Mactac Group in February 2022 following the addition of Duramark Products, Inc. in the previous year, sales at Mactac Group are expected to be more than 60 billion yen. The Group will strive to further increase its market share and profitability in the massive US market by acquiring substantial production capacity and a large number of products. The Industrial & Material Operations segment will focus on the development of new high-function window film and sales growth in the US and Asian markets. Demand for automobile-use adhesive products is expected to recover in the second half of the fiscal year, and the sales volume of film for decorative applications is projected to increase because various events will be held.

In Electronic and Optical Products, Advanced Materials Operations is forecast to achieve a year-on-year increase in net sales of 5.1 billion yen (7.5%), to 72.5 billion yen, while Optical Products Operations anticipates a 2 billion yen (8.1%) year-on-year decrease, to 22 billion yen . Net sales of the entire segment are projected to increase 3.1 billion yen (3.4%) year on year to 94.5 billion yen, and operating income is expected to fall 1.2 billion yen (6.1%) year on year to 18 billion yen.

For the outlook for net sales by business division in this segment, Advanced Materials Operations is expected to show a steady performance, mainly in semiconductor-related adhesive tape, related devices and multilayer ceramic capacitor-related tape based on the expected growth in demand for semiconductor and electronic component-related products due to the spread of 5G, the recovery of automotive production volume in the second half of the fiscal year, and advances in car electronics. In Optical Products Operations, demand for a product model for general-purpose large-screen TVs among optical display-related adhesive products is expected to decline despite firm demand for high-end model for large-screen TVs.

Looking at net sales of Paper and Converted Products, Fine & Specialty Paper Products Operations is expected to achieve a 0.7 billion yen (4.3%) increase, to16 billion yen, while Converted Products Operations is forecast to see year-on-year growth of 1.8 billion yen (10.2%), to 19.5 billion yen . Net sales in the entire segment are forecast to rise 2.5 billion yen (7.5%) year on year, to 35.5 billion yen, and operating income is projected to remain at approximately 1 billion yen, which is the same as the previous fiscal year.

Regarding net sales by business division in this segment Fine & Specialty Paper Products Operations is forecast to remain solid due to continuously growing demand for industrial-use specialty paper, oil- and water-resistant paper, and construction material paper, although net sales of color paper for envelopes is expected to remain unchanged from the previous fiscal year. In Converted Products Operations, orders for release paper are expected to recover and demand for casting paper for carbon fiber composite materials for use in sports and leisure is projected to grow.

Capital expenditures in the fiscal year ended March 31, 2022 increased 0.7 billion yen from 9.6 billion yen in the previous fiscal year to 10.3 billion yen.

The major components of capital expenditures included coating equipment for multilayer ceramic capacitor-related tapes at Mishima Plant (Ehime Pref.), release paper coating equipment and coating equipment for multilayer ceramic capacitor-related tapes at Kumagaya Plant (Saitama Pref.), environmental protection equipment at each plant, and additional cutting machines at Mactac Group.

In addition to the ongoing projects involving the coating facilities for multilayer ceramic capacitor-related tapes at Mishima Plant and Kumagaya Plant, which continued from the previous fiscal year, the Group is planning capital expenditures of 21.4 billion yen in the fiscal year ending March 31, 2023, which includes coating equipment for semiconductor-related adhesive tapes at Agatsuma Plant (Gunma Pref.) and investment in environmentally friendly equipment at each plant.

Depreciation increased 0.5 billion yen in the fiscal year ended March 31, 2022, from 9.4 billion yen in the previous fiscal year to 9.9 billion yen and is forecast to reach 10.5 billion yen in the fiscal year ending March 31, 2023. Amortization of goodwill increased 0.1 billion yen in the fiscal year ended March 31, 2022, from 3.1 billion yen in the previous fiscal year to 3.2 billion yen and is forecast to reach 3.3 billion yen in the fiscal year ending March 31, 2023. R&D expenses increased 0.3 billion yen in the fiscal year ended March 31, 2022, from 7.6 billion yen in the previous fiscal year to 7.9 billion yen and are forecast to reach 8.5 billion yen in the fiscal year ending March 31, 2023.

Regarding the dividend forecast, the annual dividend for the fiscal year ended March 31, 2022 was 88 yen with a consolidated payout ratio of 37.9%, based on the basic policy for profit distribution of the Company. The forecast annual dividend for the fiscal year ending March 31, 2023 to be 88 yen per share, assuming consolidated profit of

15.5 billion yen and net income per share of 226.36 yen. As a result, the consolidated payout ratio is expected to be 38.9%.

◆ Change to management targets for the final year (FY2024) of the Medium-term Business Plan LSV 2030 – Stage 1

The Lintec Group has developed its long-term vision, Lintec Sustainability Vision 2030 (LSV 2030), with the fiscal year ending March 31, 2030, as its final year. It has positioned three-year medium-term business plans as milestones on the road to achieving the long-term vision and has been implementing the LSV 2030 – Stage 1 medium-term business plan which covers the three years from April 2021 to March 2024. The consolidated results of the Group for the fiscal year ended March 31, 2022, reached the targets set for LSV 2030 – Stage 1, whose final fiscal year is the year ending March 2024, ahead of schedule, and the Group decided to revise its management targets. The target for net sales was revised from 255 billion yen to 300 billion yen, the target for operating income was revised from 21 billion yen to 24 billion yen, and the target for profit attributable to owners of parent was revised from 14 billion yen to 17 billion yen. The target operating margin and ROE are 8% or higher respectively.

Among the numerical targets set for each segment, net sales target for Printing & Variable Information Products Operations was revised from 107 billion yen to 129 billion yen and the net sales target for Industrial & Material Operations was revised from 31 billion yen to 35.5 billion yen in Printing and Industrial Materials Products. The net sales target for this segment was revised from 138 billion yen to 164.5 billion yen and the operating income target was revised from 3 billion yen to 3.5 billion yen.

In the Electronic and Optical Products segment, the net sales target for Advanced Materials Operations was revised from 64 billion yen to 78 billion yen, and the net sales target for Optical Products Operations was revised from 19 billion yen to 20.5 billion yen. The net sales target for this segment was revised from 83 billion yen to 98.5 billion yen and the operating income target was revised from 15.4 billion yen to 19 billion yen.

In the Paper and Converted Products segment, the net sales target for Fine & Specialty Paper Products Operations was revised from 15.5 billion yen to 16.5 billion yen and the net sales target for Converted Products Operations was revised from 18.5 billion yen to 20.5 billion yen. The net sales target for this segment was revised from 34 billion yen to 37 billion yen and the operating income target was revised from 2.6 billion yen to 1.5 billion yen.

For capital expenditures, the Group is actively investing in increasing production at Mishima Plant, Kumagaya Plant, and Agatsuma Plant to meet growing demand for multilayer ceramic capacitor-related tapes and semiconductor-related adhesive tapes. As a measure to reduce greenhouse gas emissions, the Group will proactively introduce environmentally friendly equipment such as high-efficiency boilers, cogeneration systems, and solar power generation systems for self-consumption in addition to the replacement of fuels with LNG. Consequently, the Group expects that capital expenditures for the three years will change from the initially planned 40 billion yen to 53.7 billion yen. The Group expects that depreciation will increase from the initially planned 30 billion yen to 31.6 billion yen, amortization of goodwill from 9 billion yen to 9.8 billion yen and research and development expenses from 25.5 billion yen to 26 billion yen.

◆ Questions and Answers ◆

Capital expenditures in the current fiscal year (ending March 2023) and the next fiscal year (ending March 2024) are significantly larger than that in the past. In which areas specifically are you accelerating investment? When will the effects appear?

We will invest nearly 20 billion yen in total, first to increase the production capacity for multilayer ceramic capacitor-related tapes at Mishima Plant and Kumagaya Plant as an investment in growth area.
The expansion of demand of the multilayer ceramic capacitor-related tapes is expected to accelerate over the medium- and long-terms, based on our market research and requests from customers.
The series of investments in the production capacity of these plants is scheduled to be completed at the end of March 2025, and we plan to start operation of a total of four machines (release film manufacturing machines) in stages from the first half of the next fiscal year.

Semiconductor manufacturers are currently increasing their production capacity in response to the recent tightening of supply and demand, and some forecast that the market will be double its current size by 2030. At Agatsuma Plant, the core production base for semiconductor-related adhesive tapes, we have decided to move the installation of new machines (adhesive coating machines) forward ahead of schedule. These machines are capable of meeting increasingly high quality requirements. The total investment will reach the 5 billion-yen level, and completion is scheduled at the end of December 2023. Therefore, the contribution of the new equipment to financial results will be from then.

What can you tell us about capital expenditures for initiatives for decarbonation?

In addition to active investment in growth areas, we will accelerate and increase capital investment in CO2 emissions reduction (a reduction of 50% or more of CO2 emissions by 2030 compared to the 2013 emissions and net zero emissions by 2050) ahead of schedule. We are planning an investment that is larger than conventional investments (more than 6 billion yen in the three years of the current Medium-term Business Plan), centering on the renovation of paper manufacturing lines with the goal of increasing production efficiency. Investment is expected to peak in the next fiscal year.

The scheduled R&D investment is 8.5 billion yen during the current fiscal year and 9.6 billion yen in the next fiscal year. Could you specifically break down these investments?

An overview of key development themes is presented in the LSV 2030 long-term vision. While we are not able to comment on the specific details of each project, we are simultaneously engaged in an array of projects, including the development of unprecedented new technologies and development to enhance mainstay items that are growth drivers. We ask for a little more time until announcement of key projects.

The LSV 2030 long-term vision includes three key initiatives, including solutions to social issues, bolstering of the corporate structure, and the creation of new products and technologies. Looking back on the previous fiscal period, in which areas in particular were achievements made?

While we need to accumulate objective data to identify specific achievements, we believe that our organizational efforts and systems for solving social issues definitely improved. The newly established Sustainability Committee reports and explains the efforts to Outside Directors and receives evaluation and advice based on the knowledge of each member as it begins to function as a company-wide organization. The activities of committees and subcommittees under the Sustainability Committee have been made more visible, facilitating the identification of issues and prompt action for necessary measures.