◆ FY2023 Financial Results Briefing Summary ◆

[Speakers]
Makoto Hattori, President and CEO, LINTEC Corporation
Yoichi Shibano, Director, Managing Executive Officer, and CFO, LINTEC Corporation
Eiichiro Takeuchi, General Manager, Public Relations Office, LINTEC Corporation

The earnings forecasts presented in these materials were prepared based on economic conditions, market trends, plans, and other factors anticipated as of the date on which these materials were created. The Company makes no guarantee regarding the accuracy of this information. Nor does it guarantee that the forecast figures or policies will be achieved. Actual business results may vary due to various factors.

◆ Consolidated Financial Results for FY2023

Net sales declined from the previous year by 8,281 million yen, or 2.9%, to 276,321 million yen. From the third quarter on, we benefited from price adjustments and the weak yen, as well as a recovery in orders received for semiconductor and electronic component-related products and for adhesive products seals and labels. This upturn, however, failed to make up for poor performance in the first half of the year. Operating income declined from the previous year by 3,168 million yen, or 23.0%, to 10,628 million yen. Factors beyond lower sales volumes included the stubbornly high prices of fuel and raw materials, such as pulp, and operating losses associated with the lower capacity utilization of production facilities due to fewer orders. Ordinary income fell by 4,065 million yen, or 26.1%, to 11,537 million yen. Profit attributable to owners of parent fell by 6,269 million yen, or 54.5%, to 5,243 million yen. A key factor was the decision to record as extraordinary losses the impairment loss of 921 million yen and provisions for losses on the liquidation of subsidiaries and associates of 1,086 million yen—a total of 2,008 million yen—arising from the resolution to dissolve the South Korean subsidiary LINTEC SPECIALITY FILMS (KOREA) and the Taiwanese subsidiary LINTEC SPECIALITY FILMS (TAIWAN). These losses reflect losses expected to be incurred in the future.

Now I'll present a summary of the financial results of LINTEC Corporation and its consolidated subsidiaries. Non-consolidated net sales increased from the previous year by 2,468 million yen, or 1.7%, to 151,637 million yen. Net sales at consolidated subsidiaries declined from the previous year by 12,171 million yen, or 6.7%, to 169,021 million yen. Non-consolidated operating income grew from the previous year by 2,736 million yen, or 66.3%, to 6,858 million yen. Operating income at consolidated subsidiaries declined from the previous year by 6,573 million yen, or 66.8%, to 3,266 million yen.

I will now explain the factors that affected operating income: On a non-consolidated basis, factors that increased income included 5.5 billion yen due to pass-through to sales prices, 0.6 billion yen due to sales composition factors, and 0.3 billion yen due to cost reductions, while factors that reduced income included 1.2 billion yen due to lower sales volume, 1.1 billion yen due to the higher cost of fuel and raw materials, such as

pulp, and 1.4 billion yen due to an increase in fixed costs. As for our consolidated subsidiaries, MACtac Americas experienced a significant decrease in sales volume, resulting in a 3.7 billion yen reduction in profit. Subsidiaries, especially those in Advanced Materials Operations and Optical Products Operations, saw a 2.8 billion yen reductions in profit.

Now I'll discuss the full-year results segment by segment. We'll start with Printing and Industrial Materials Products. Net sales in Printing & Variable Information Products Operations declined from the previous year by 6,834 million yen, or 4.9%, to 133,175 million yen. Net sales in Industrial & Material Operations increased from the previous year by 2,480 million yen, or 7.4%, to 35,795 million yen. Total net sales in this segment declined from the previous year by 4,354 million yen, or 2.5%, to 168,970 million yen. Operating income declined from the previous year by 4,074 million yen to 1,115 million yen, due in part to the impact of lower sales in the US, coupled with high prices of key raw materials in Japan and rising logistics costs. In Printing & Variable Information Products Operations, demand remained firm in Japan for adhesive products for seals and labels in the logistics and mail order businesses, but rising prices dampened overall demand, especially in association with food products. Demand also slumped for eye-catching labels and products used in beverage promotional campaigns. Overseas, sales volumes fell sharply in the US and China. In Industrial & Material Operations, demand in Japan remained solid for automobile-use adhesive products and devices for mail order. Overseas, sales of window film for construction and automobiles and sales of automobile-use adhesive products held firm in the US and India.

Now I'll discuss Electronic and Optical Products. Net sales in Advanced Materials Operations declined from the previous year by 1,477 million yen, or 2.4%, to 59,978 million yen. Net sales in Optical Products Operations declined from the previous year by 2,683 million yen, or 16.2%, to 13,914 million yen. Total net sales in this segment declined from the previous year by 4.16 billion yen, or 5.3%, to 73,892 million yen. Operating income declined from the previous year by 802 million yen, or 6.4%, to 11,661 million yen, due in part to fewer orders received, which in turn led to operational losses accompanying lower utilization rates at production facilities. In Advanced Materials Operations, orders received for semiconductor-related adhesive tape and semiconductor-related equipment and orders received for multilayer ceramic capacitor-related tape, all of which had recovered since the third quarter, failed to offset sluggish first-half sales. In Optical Products Operations, sales of optical display-related adhesive products remained weak due to intensifying competition and declining demand for products used in large-screen TV units and smartphones.

Next is Paper and Converted Products. Net sales in Fine & Specialty Paper Products Operations fell from the previous year by 805 million yen, or 5.0%, to 15,329 million yen. Net sales in Converted Products Operations increased from the previous year by 1,038 million yen, or 6.1%, to 18,129 million yen. Total net sales in this segment increased from the previous year by 233 million yen, or 0.7%, to 33,458 million yen. Operating income turned positive, increasing from the previous year by 1,709 million yen to 21 million yen, due in part to the effects of price adjustments, despite the impact of high prices of fuel and raw materials, especially pulp, and rising logistics costs. In Fine & Specialty Paper Products Operations, despite solid sales

of oil- and water-resistant paper, sales were sluggish in the main product lines of color paper for envelopes and specialty paper for industrial use. In Converted Products Operations, despite tepid sales of release paper for adhesive products, recovery in demand for release paper for electronic materials was strong. Sales of casting paper for synthetic leather and carbon fiber composite materials held firm.

◆ Forecasts for FY2024 consolidated financial results

Next is consolidated earnings forecasts for FY2024. We expect net sales to increase from the previous year by 13.7 billion yen, or 5.0%, to 290.0 billion yen. Operating income will increase by 7.4 billion yen, or 69.4%, to 18.0 billion yen. Ordinary income will increase by 6.5 billion yen, or 56.0%, to 18.0 billion yen. Profit attributable to owners of parent is expected to increase by 7.8 billion yen, or 147.9%, to 13.0 billion yen.

Now I'll discuss earnings forecasts for LINTEC Corporation and its consolidated subsidiaries. We expect non-consolidated net sales to grow from the previous year by 10.6 billion yen, or 7.0%, to 162.2 billion yen, and net sales at consolidated subsidiaries to grow from the previous year by 6.5 billion yen, or 3.8%, to 175.5 billion yen. Non-consolidated operating income is expected to grow from the previous year by 2.7 billion yen, or 39.1%, to 9.6 billion yen. Operating income at consolidated subsidiaries is expected to grow from the previous year by 5.2 billion yen, or 162.5%, to 8.4 billion yen.

Next, I'll explain the factors that will increase or reduce operating income. On a non-consolidated basis, factors that we expect to increase income include 2.3 billion yen due to price adjustments and 4.1 billion yen due to higher sales volume and the resulting reduction in operational losses at production facilities. Factors we expect to reduce income include 1.1 billion yen attributable to higher fuel and raw materials prices and logistics costs and 2.6 billion yen due to higher fixed costs, such as personnel and depreciation expenses. As for consolidated subsidiaries, we expect MACtac Americas to experience an increase in sales volumes after the completion of inventory adjustments in the market, and subsidiaries in Advanced Materials Operations to see a recovery in orders. Given these factors we forecast an increase in income of 5.2 billion yen from the previous year at consolidated subsidiaries.

Next is our consolidated earnings forecasts for this fiscal year by segment. We'll start with Printing and Industrial Materials Products. Net sales in Printing & Variable Information Products Operations are expected to grow from the previous year by 6.4 billion yen, or 4.8%, to 139.6 billion yen, while net sales in Industrial & Material Operations are expected to grow from the previous year by 0.7 billion yen, or 2.0%, to 36.5 billion yen. Total net sales in this segment are expected to grow from the previous year by 7.1 billion yen, or 4.2%, to 176.1 billion yen. Operating income is expected to grow by 4.2 billion yen from an operating loss of 1.1 billion yen to 3.1 billion yen, due in part to price adjustments for adhesive products for seals and labels, as well as higher sales volume at MACtac Americas.

Now I'll address the net sales forecasts for the business units in this segment. In Printing & Variable Information Products Operations, consumer confidence in Japan is worsening, mainly due to soaring food prices, but sales for logistics and mail order are expected to remain firm. In addition, by stepping up sales

promotion for environmentally-friendly products, we expect to see growing demand in the areas of cosmetics and toiletries, eye-catching labels, and beverage promotional campaigns. Overseas, MACtac Americas is expected to see significant sales growth after the completion of inventory adjustments. Sales in the ASEAN region are also projected to remain firm. In Industrial & Material Operations, we expect further growth in orders for Madico's (US) security films and VDI's sputtering films, as well as strong sales of window films and automobile-use adhesive products in Japan and overseas.

Next are the forecasts for Electronic and Optical Products. Net sales in Advanced Materials Operations are expected to grow from the previous year by 7.9 billion yen, or 13.2%, to 67.9 billion yen, while net sales in Optical Products Operations are expected to decrease from the previous year by 2.9 billion yen, or 20.9%, to 11.0 billion yen. Total net sales in this segment are expected to grow from the previous year by 5.0 billion yen, or 6.8%, to 78.9 billion yen. Operating income is expected to grow from the previous year by 2.0 billion, or 17.5%, to 13.7 billion yen. In Advanced Materials Operations, while a recovery in orders will boost income, fixed costs like depreciation and R&D expenses are also expected to grow. In addition, as in the previous year, Optical Products Operations is expected to post an operating loss.

Now I'll explain the net sales forecasts for the business units in this segment. Starting with Advanced Materials Operations, we expect continuing recovery in demand for semiconductor-related adhesive tape. We also expect shipments of HBM semiconductor-related devices to remain strong. We anticipate significant sales recovery for multilayer ceramic capacitor-related tape due to growing demand in the fields of automobiles and data centers. In Optical Products Operations, we expect conditions to remain severe for optical display-related adhesive products, although we do expect recovery in orders for use in high-end smartphones. Note that our South Korean subsidiary will be dissolved at the end of June, while our Taiwan subsidiary will be dissolved at the end of September.

Next are the forecasts for Paper and Converted Products. Net sales in Fine & Specialty Paper Products Operations are expected to grow from the previous year by 0.7 billion yen, or 4.4%, to 16.0 billion yen. Net sales in Converted Products Operations are expected to grow from the previous year by 0.9 billion yen, or 4.8%, to 19.0 billion yen. Total net sales in this segment are expected to grow from the previous year by 1.6 billion yen, or 4.6%, to 35.0 billion yen. Operating income is expected to be positive, at 1.2 billion yen, due in part to the effects of price adjustments.

Now I'll explain the net sales forecasts for the business units in this segment. In Fine & Specialty Paper Products Operations, although we expect sales volumes for envelope paper to remain at the levels achieved the previous year, we expect to see sales growth based on expanding sales of non-fluorinated oil-resistant paper and plastic-substitute high-performance paper. In Converted Products Operations, we expect orders for casting paper for carbon fiber composite materials to recover, and for release paper for adhesive products and casting paper for synthetic leather to remain at the same level as the previous year.

◆ **New Medium-term Business Plan LSV 2030 – Stage 2**

I'll start by looking back on the previous Medium-term Business Plan, LSV 2030 – Stage 1, then address the new Medium-term Business Plan, LSV 2030 – Stage 2, and finally move to discuss the measures we plan to take to achieve management based on a keen awareness of the cost of capital and share prices. I'll start with a review of the previous Medium-term Business Plan, LSV 2030 – Stage 1.

The LINTEC Group has declared its long-term vision, called LSV 2030, to be realized by FY2029. The Basic Policy of LSV 2030 is to help to achieve a sustainable world by strengthening corporate structures through innovation and by creating new products and businesses for sustainable growth. The Key Initiatives are solving social issues, fostering innovation to build a robust corporate structure, and creating new products and businesses to deliver sustainable growth. We have set targets of an operating profit margin of 12% or more and an ROE of 10% or more in the final year of FY2029. We formulate a Medium-term Business Plan every three years as a milestone toward achieving the long-term vision. In the previous Medium-term Business Plan, our first such plan, we implemented various measures for the Key Initiatives.

Next are the activities and outcomes of the previous Medium-term Business Plan. We'll focus on the key points. I'll start by discussing the actions we took to protect the environment, which fall under the first Key Initiative, solving social issues. To contribute to the realization of a decarbonized society, we had set a target of reducing CO2 emissions by at least 50% by 2030 compared to FY2013, but we actually achieved a 51% reduction in FY2023 as we were able to implement various measures early during the period of the previous Medium-term Business Plan. We've been actively working to expand our range of environmentally-friendly products, promote the use of solvent-free products, and reduce atmospheric VOC emissions. As part of our action in the social realm, we established the LINTEC Group Human Rights Policy and Multi-Stakeholder Policy. To promote work-style reform, we introduced systems to improve work-life balance. Regarding governance, we disclosed information in line with the principles of the Corporate Governance Code and further enhanced management by evaluating the effectiveness of the Board of Directors. Furthermore, we disclosed corporate information in a timely manner, ensured transparency, and sought to strengthen communication with investors and shareholders.

As the second Key Initiative—fostering innovation to build a robust corporate structure—we launched LDX2030, a DX promotion project, to transform business processes using digital technologies and AI. We installed production equipment for smart factories and in-line equipment for paper machines that helps improve product functionality and save energy.

With respect to the third Key Initiative—creating new products and businesses to deliver sustainable growth—we established elemental technology for CNT pellicles for EUV lithography machines. A pellicle is a dust-blocking membrane essential to forming microcircuits for next-generation semiconductors. In addition, to promote the development of new processes related to semiconductor manufacturing, we established a Package and Material Development Group in the 3D Semiconductor Research Center operated by the Fukuoka Industry, Science & Technology Foundation. Furthermore, we proactively strengthened our production

facilities in anticipation of growth of the semiconductor and electronic components market. To expand our share of the market for adhesive products for seals and labels, we've strengthened our production and sales capabilities in North America and Asia.

Now I'll discuss our performance under the previous Medium-term Business Plan. Regarding our management targets, we achieved our targets for the final fiscal year of the plan ahead of schedule in the first year, so we raised our targets for net sales and operating income to 300 billion yen and 24 billion yen, respectively, in May 2022. But from the second year on, soaring logistics costs and prices of fuel and raw materials, as well as a downturn in the semiconductor market, resulted in failure to meet our management targets.

Next I'll discuss our performance by segment. In Printing and Industrial Materials Products, we achieved the target for net sales due to the weak yen. But we missed the profit target, mainly due to the impact of the decline in sales volumes at MACtac Americas in North America. Regarding Electronic and Optical Products, a downturn in the semiconductor market and declining demand for optical display-related products from the second year on resulted in failure to meet targets both for net sales and operating income.

Now I'll discuss the New Medium-term Business Plan, LSV 2030 – Stage 2, which will run from FY2024 to FY2026. During the period of the new Medium-term Business Plan, we will continue to resolutely pursue the three Key Initiatives in our long-term vision. In FY2026, the final year of plan, we're targeting an operating profit margin of 8% or more and an ROE of 8% or more.

Now I'll explain the main activities we will undertake. With regard to solving social issues, we will continue to strengthen our efforts in the areas of environment, society, and governance, following on from the previous Medium-term Business Plan. As for the environment, we've revised our CO2 emissions reduction target to 67% or more compared to FY2013 in the final year of the new Medium-term Business Plan and 75% or more in the final year of our long-term vision. We will take proactive measures to expand our range of eco-friendly products and to promote solvent-free adhesives and solvent-free release agents, while seeking to gain the understanding of our customers. Furthermore, as a leading company in the industry, we plan to work with related companies and the Japan-Earth Conscious Labeling Association (J-ECOL) to realize horizontal recycling—i.e., converting used release paper for seals and labels back into new release paper. With regard to societal measures, we will strive to strengthen awareness among employees concerning human rights and harassment. We will expand the disclosure of information on sustainability management and pursue work-style reforms by improving the organization and workplace environments to strengthen employee motivation. As for governance, we plan to strengthen corporate governance, improve the effectiveness of the Board of Directors, appropriately disclose information related to ESG, actively engage in dialogue with shareholders, and engage in IR activities.

With regard to fostering innovation to build a robust corporate structure, we plan to work to rebuild our portfolio, including withdrawal from unprofitable fields, based on assessments of the future growth potential, market competitiveness, and profitability of each business, while striving to strengthen the soundness of

management at Group companies in Japan and overseas. We will deploy new production facilities to conserve energy, raise quality, increase efficiency, and reduce labor requirements through scrap and build measures. We will also strive to strengthen cost competitiveness through innovations in production processes. Furthermore, we will work to maintain a solid financial base and improve capital efficiency

Now I'll discuss the matter of creating new products and businesses to deliver sustainable growth. In this connection, we plan to launch mass production of CNT pellicles for EUV lithography machines at an early stage. We will deploy the Package and Material Development Group established in 2023 to develop new tapes and devices in the area of packaging technologies for downstream advanced semiconductor processes and seek to propose our proprietary processes and establish them as *de facto* standards.

As part of efforts to move aggressively to win a greater presence in the global market, we will strive to expand the lineup and boost sales of adhesive paper, adhesive film, and other products that meet local needs in overseas markets, based on the conclusion that some of our business domains are already mature in Japan. Our overseas sales ratio was 50% in 2020 and 61% in 2023. We will strive to lift this figure to 65% in 2026.

Now I'll explain numerical targets and individual themes for each segment. We'll start with the numerical targets for Printing and Industrial Materials Products. In the final year of the new Medium-term Business Plan, we're targeting net sales of 147.0 billion yen in Printing & Variable Information Products Operations and 40.0 billion yen in Industrial & Material Operations for total net sales of 187.0 billion yen. The operating income target for the segment is 7.0 billion yen.

Next I'll discuss individual themes for each business unit in this segment. In Printing & Variable Information Products Operations, we plan to work to expand sales and improve profitability overseas. In North America, we will expand by leveraging the greater production capacity and sales channels achieved through the acquisition by MACtac Americas. In Asia, we will expand the lineup and sales of products that meet local needs. As part of efforts to coexist with the earth's environment and realize a recycling-oriented society, we will further develop and expand sales of environmentally-friendly products, including plastic-free products and mono-materials. We will strive to strengthen QCD and increase profits both in Japan and overseas.

Next is Industrial & Material Operations. For automotive window films, we will strive to develop and expand sales of high-performance products with features such as heat shielding, transparency, and UV protection. For construction window films, we plan to work to further expand sales of products that contribute to crime prevention, shatter prevention, and energy conservation. We will work to develop easy-to-install interior materials and wall panels to help mitigate labor shortages and improve production efficiency, and we plan to expand sales of automated systems that employ labeling technology.

Next are the numerical targets for Electronic and Optical Products. In the final year of the new Medium-term Business Plan, we're targeting net sales of 76.5 billion yen in Advanced Materials Operations and 12.5 billion yen in Optical Products Operations for total net sales of 89.0 billion yen. The operating income target for the segment is 16.5 billion yen. The decline in net sales in Optical Products Operations is mainly

attributable to the dissolution of the South Korean and Taiwan subsidiaries.

Now I'll discuss individual themes for each business unit in this segment. In Advanced Materials Operations, we will respond to the expansion of demand in the electronics market by building greater capacity to supply multilayer ceramic capacitor tapes, semiconductor-related adhesive tapes, and related devices. In connection with packaging technology for downstream advanced semiconductor processes, we will move forward with the development of new tapes and devices as well as our proprietary processes. We will aim to begin mass production of CNT pellicles for EUV lithography machines at an early stage.

Next I'll discuss Optical Products Operations. Regarding the rollout of adhesive products intended for use with optical displays, we plan to work to expand sales by strengthening the competitiveness of adhesive products intended for use with OLED displays for high-end smartphones and other applications. As for OCA, we plan to develop and expand sales of highly durable products for automobiles, as well as expand beyond automotive applications by offering multi-functionality. In addition, we will move forward with the development of light diffusion films and gas barrier films.

Next are the numerical targets for Paper and Converted Products. In the final year of the new Medium-term Business Plan, we're targeting net sales of 18.0 billion yen in Fine & Specialty Paper Products Operations and 21.0 billion yen in Converted Products Operations, for total net sales of 39.0 billion yen. The operating income target for the segment is 2.0 billion yen.

Now I'll discuss individual themes for each business unit in this segment. In Fine & Specialty Paper Products Operations, we will be aiming to completely switch to non-fluorinated oil-resistant paper. In addition, by adding biomass resin coatings and heat-sealing properties, we will move forward with the development of thick paper food containers.

Next I'll discuss Converted Products Operations. Regarding casting paper for synthetic leather, we will step up overseas distribution in tandem with the expansion of our product lineup, as a new coating facility will be completed in 2025. We will work to expand sales of casting paper for carbon fiber composite materials and to develop and expand sales of casting paper endowed with water resistance and anti-skid capabilities. We will also strive to eliminate the use of solvents in release paper and release films, and to eliminate the use of polymers in release paper.

Now I'll discuss our management targets for FY2026, the final year of the new Medium-term Business Plan. As I've explained, we will steadily implement measures for the three Key Initiatives in the long-term vision as well as individual themes for each business unit, with the goal of achieving net sales of 315.0 billion yen, operating income of 25.5 billion yen, profit attributable to owners of parent of 18.0 billion yen, and an operating profit margin and ROE of 8% or more for both.

Now I'll discuss the factors contributing to the increase or decrease in operating income in FY2026 compared to FY2023. On a non-consolidated basis, factors that we expect to increase income include 13.7 billion yen due to higher sales volume and 3.0 billion yen due to cost reductions. Factors that we expect to reduce income include 1.1 billion yen due to higher fuel and raw materials prices and 7.5 billion yen due to

higher fixed costs. We're therefore projecting a non-consolidated income increase of 8.1 billion yen. We expect the income at consolidated subsidiaries to increase by 6.8 billion yen and consolidated income to increase by 14.9 billion yen.

Next I'll discuss capital expenditures, depreciation, amortization of goodwill, and R&D expenses. With regard to capital expenditures, we will move forward with the introduction of new facilities and consolidation of existing facilities to strengthen QCD with a view to expanding our business and making it more profitable. The projected total figures for the three years are 49.2 billion yen for capital expenditures, 40.3 billion yen for depreciation, 12.6 billion yen for amortization of goodwill, and 32.2 billion yen for R&D expenses. Note that the amortization of goodwill from MACtac Americas will be completed in FY2026.

Now I'll explain our cash allocation for sustainable growth. Cash flow generated by operating income, depreciation, and so on during the period of the new Medium-term Business Plan will be put to effective use for growth investments, such as investment in production facilities and R&D, to strengthen our financial base and raise our value as an enterprise going forward. Of the cash flow of approximately 130 billion yen, about 60 billion yen will be used for purposes such as capital expenditures and about 32 billion yen will be allocated to R&D investment. The remainder will be available for flexible investments such as M&A transactions. In addition, regarding shareholder returns, dividends will not be reduced in principle until FY2026, the final year of the new Medium-term Business Plan, and will be paid with a dividend payout ratio of 40% or more or DOE of 3%. Share buybacks will be carried out flexibly, after taking into account available cash and determining that repurchases are necessary on a case-by-case basis.

Next are measures to realize management based on a keen awareness of the cost of capital and share price, something requested by the Tokyo Stock Exchange in March last year. Under the previous Medium-term Business Plan, both our operating profit margin and ROE exceeded 8% in the first year but fell well below 8% in the second and third years. In addition, our price-to-book ratio remained below 1. For the new Medium-term Business Plan, with the goal of further enhancing enterprise value and maintaining a price-to-book ratio of more than 1, we will emphasize measures to increase profitability and improve capital efficiency. To increase profitability, we will strengthen QCD for existing businesses to make them highly profitable and optimize our business portfolio through extensive restructuring. To improve capital efficiency, we will enhance asset efficiency and strive to achieve an ROE of 8% or more by the final year of the new Medium-term Business Plan. Furthermore, besides allocating cash for sustainable growth, we will also strengthen constructive dialogue with shareholders and investors to steadily implement the Key Initiatives of our long-term vision.

To become a company that moves us closer to a sustainable society, all Group employees will continue to work as one, boldly and energetically pursuing management targets for the final year of the new Medium-term Business Plan.

Main questions and answers

Q. For the final year of the new Medium-term Business Plan, you're trying to achieve significant improvement in the figures for Printing and Industrial Materials Products, a segment that was 1.1 billion yen in the red last fiscal year. How do you plan to achieve the target of 7.0 billion yen? Can you provide specifics on measures to improve profitability domestically for adhesive products for seals and labels and profitably for Madico and MACtac Americas, the US subsidiaries?

A. The US roll label market hit its toughest point in May 2023 but has trended toward recovery since then. In addition, MACtac Americas acquired Duramark and Spinnaker, while MACtac Canada acquired Label Supply. Thus, we've proceeded with mergers and acquisitions activities with the aim of optimizing production facilities and expanding sales in these growing markets. Now, we believe MACtac Americas can significantly improve profitability compared to FY2023. Our goal is to break even this fiscal year and achieve stable profitability by the final year of the Plan. We're stepping up our efforts in cooperation with the local management teams. As for Madico, which produces industrial materials, we're going to start by rolling out high-performance window films. Since last year, the market for security films for schools has been growing significantly, and we will be expanding sales of them to further boost Madico's profits. Another US subsidiary, VDI, which specializes in film surface processing, started to make a strong contribution to sales and profits in the latter half of last year, thanks to its sputtering films for special applications. In Japan, we're making progress with launching and expanding sales of environmentally-friendly products. Furthermore, by improving profitability both domestically and internationally, we believe we can achieve the target figure I discussed today.

Q. The CEO has stated that MACtac Americas will break even this fiscal year. Ultimately, what profits do you project for FY2026?

A. For MACtac Americas, we're projecting a profit of around 1.0 billion yen in the final year of the new Medium-term Business Plan. We want MACtac Americas to break even this fiscal year as we move toward that goal.

Q. Does the new Medium-term Business Plan include measures like consolidating production lines and sites in Japan and abroad?

A. The Plan does indeed include such measures. In Japan, we're planning to consolidate and improve the efficiency of production lines, especially at the Tatsuno Plant, our mother factory for adhesive products for seals and labels. We're already in the investment phase and taking action to reach that goal. At MACtac Americas, we're planning to optimize the production facilities inherited from Duramark, for example, and to

further enhance the efficiency of film product manufacturing.

Q. I have a question about Electronic and Optical Products. The net sales of Advanced Materials Operations are projected to increase to 16.5 billion yen over the next three years. What role will HBM-related devices play in this? Also, do you expect CNT pellicles for EUV lithography machines to contribute to earnings during the period covered by the next Medium-term Business Plan? Overall, the growth in operating income appears to be lagging behind sales growth, so what factors are at play here? Could you give more specifics for any major negative factors, like significant fixed costs?

A. Regarding the 16.5 billion yen net sales increase in Advanced Materials Operations, in terms of volume, HBM-related devices will contribute approximately 7.0 billion yen this fiscal year. Other conventional tapes and conventional models, which accompany HBM-related devices, will also contribute, so the overall target is 16.5 billion yen, with HBM-related devices representing the core. We're planning to begin mass production of CNT pellicles for EUV lithography machines in 2025, and will actually enter the market in the second half of 2025. As a result, we've not incorporated the figures into our performance targets for the period up to March 2025. Ultimately, we envisage a contribution to our financial performance in 2026. The projections for operating income in Advanced Materials Operations reflect investments in mass production equipment and in R&D. Regarding R&D, we plan to make intermittent investments to establish mass production capabilities for CNT pellicles for EUV lithography machines. At the same time, we've begun work on developing new tapes and devices to offer for the next-generation package market, so it's absolutely essential to make upfront investments for the production and development of these products. In this industry, establishing the *de facto* standard for the future will require significant investment.

Q. Regarding the sales forecast of 7.0 billion yen for this fiscal year, could you comment on the current situation with orders received for HBM-related devices, the outlook for next year, and whether you plan to increase the projected figure by a step further?

A. With regard to HBM-related devices, generative AI, which relies on HBM, is really driving the semiconductor market, and we don't expect this trend to change—in fact, it will intensify. In line with this expansion of generative AI, we're continuing to receive inquiries about and additional orders for our HBM-related devices. We expect these devices to keep driving performance as the core of our device business for the time being.

Q. With regard to cash allocations, today you mentioned flexible share buybacks. Do you intend to buy

back shares without regard to the percentage stakes of major shareholders? Do you have a guideline figure for the total return ratio?

A. On the topic of cash allocation, including share buybacks, and dividend payout ratios, we intend to act as we see fit. This is a delicate matter because other parties are involved. I'll refrain from giving a detailed answer today. What I can say is that LINTEC intends to be aggressive in allocating cash and returning value to shareholders. We're committed to moving forward in line with the Basic Policy I discussed earlier. We don't have a guideline figure for the total return ratio but plan to act based on the categories specified in the Basic Policy.

Q. The performance of the Advanced Materials Operations appears to have improved significantly between January and March. Of the approximately 20.0 billion yen in total net sales in Electronic and Optical Products, net sales for Advanced Materials Operations were around 17.0 billion yen. Segment operating income was around 4.0 billion yen. Was this due to a transient factor of some kind? Also, in view of your explanations today, momentum is likely to lead to further growth in the new fiscal year and beyond. So should we regard this operating income as the baseline?

A. In the fourth quarter of last fiscal year, the semiconductor-related market maintained the recovery that begun in the third quarter. So the fourth quarter saw an especially significant recovery in numerical terms. One reason is a dramatic increase in production volumes of devices related to smartphone manufacturers in China, Taiwan, and South Korea, a market sector that had been stagnant. Another reason is that full-scale supply for HBM began in the fourth quarter. These two factors led to especially strong growth in the fourth quarter.

Q. You're forecasting 7.0 billion yen for HBM in the new fiscal year. What was the contribution from HBM in the fourth quarter of last fiscal year? Also, given the current situation, is it possible that operating income in Electronic and Optical Products will continue to be around 4.0 billion yen in and after the first quarter of the new fiscal year? If the operating income in Electronic and Optical Products remains at 4.0 billion yen, that would exceed your target. Is there anything else we should know?

A. As for HBM-related devices, net sales of laminators were around 2.0 billion yen last fiscal year. Thus, we're forecasting 7.0 billion yen for this fiscal year. As to whether we can maintain the operating income level of 4.0 billion yen, we believe this is certainly a possibility.

Q. I have a question about HBM laminators. Recently, HBM manufacturers are also releasing a new generation of components, but are your HBM laminators compatible with those components? Or are they for the generation of components beyond that? Also, I believe your original semiconductor-related

business was more about temporary bonding, with products like back-grinding tape and dicing tape, rather than being directly involved in wafer processing. Today you've been talking about HBM and next-generation packages, but would it be correct to conclude that in the future, you will be pursuing the business of permanent components of semiconductor products?

A. As to whether our HBM laminators are compatible with the current generation of generative AI-related devices, the orders and inquiries we're currently receiving suggest the laminators will be usable as is in next-generation processes. We believe the laminators will remain compatible in the generations we currently foresee. Regarding tape-related products, as you know, other companies have significant strengths related to the tapes used in this area. Unfortunately, we don't yet have tapes that can compete with those from other companies. But in the semiconductor manufacturing process, our back-grinding tape and dicing tape are not used differently depending on whether the application is generative AI or memory, so as the number of devices increases, we expect our tape-related business, which comprises conventional indirect materials, to expand. I guess the purport of your question is what we are ultimately going to do about developing tapes for packages in this area. Well, to push forward with such development, we're moving aggressively. For example, we've established the Package and Material Development Group, which we mentioned earlier in our discussion of the new Medium-term Business Plan.

Q. In Optical Products Operations in Electronic and Optical Products, you're planning to close two overseas sites during the fiscal year. How much can we expect costs to fall in the next fiscal year? Given that you're focusing on improving profitability in the Medium-term Business Plan, I would assume that you plan to hold on to your domestic facilities. Additionally, I'd like to learn more about your strategies for transforming your cost structures, acquiring new customers, and so on.

A. We expect the closure of the South Korean and Taiwanese subsidiaries in Optical Products Operations to result in a full-year improvement of about 500 million yen. But since the dissolutions are set for June 2024 for South Korea and September 2024 for Taiwan, we don't anticipate the entire 500 million yen contribution for the full year.

Q. In the new Medium-Term Business Plan, the strategy is to firmly restore profitability in Paper and Converted Products. The term *cost optimization* comes up, too. Does this mean that in addition to increasing revenue, you also plan specific measures to cut costs?

A. In Fine & Specialty Paper Products Operations, envelope paper has long dominated our paper business in terms of volume. But rather than anticipating significant growth in the market itself, we plan to do our best to maintain current levels over the near term. For this reason, we have a keen strategic interest in volumes in Fine & Specialty Paper Products Operations. We regard oil-resistant paper as a key area for the future. While

switching completely from the current type to non-fluorinated oil-resistant paper, we plan to increase volume by expanding its applications to food packaging materials and other products. Furthermore, we believe trends such as SDGs and ESG are now providing a tailwind. With companies being urged to do more for the environment, we intend to achieve expansion by bringing high-performance paper products to market, as this is an area in which we have acquired considerable expertise. These are our current challenges and topics in the volume zone. In Converted Products Operations, too, our strategy is to secure volume for casting paper for synthetic leather in overseas markets. To that end, we're currently constructing a coating facility for casting paper for synthetic leather in Komatsushima, and it's scheduled to go into operation in 2025. Through these efforts, we want to contribute in terms of volume. During the three years of the new Medium-term Business Plan, we intend to get started quickly on tackling challenges that came into sharp focus during the period of the previous Medium-term Business Plan, such as improving efficiency, and also to overcome issues with productivity and costs. Another initiative that reflects our experience during the period of the previous Medium-term Business Plan is to exercise appropriate control, through awareness of costs, in the procurement of pulp, which is the main raw material for paper.