LSV 2030
LINTEC SUSTAINABILITY VISION
Stage 2

New Medium-term Business Plan
LSV 2030 - Stage 2
(FY2024-FY2026)

May 15, 2024
LINTEC Corporation

LINTEC
SUSTAINABILITY
VISION
2030

LINTEC Corporation

Review of previous Medium-term Business Plan
LSV 2030 - Stage 1

New Medium-term Business Plan
LSV 2030 - Stage 2

Measures to realize management keenly aware of cost of capital and our share price

Review of previous Medium-term Business Plan LSV 2030 - Stage 1

New Medium-term Business Plan LSV 2030 - Stage 2

Measures to realize management keenly aware of cost of capital and our share price

Review of previous Medium-term Business Plan LSV 2030 - Stage 1

Long-term Vision

LINTEC SUSTAINABILITY VISION 2030 (LSV 2030)

Basic Policy

Contribute to realizing a sustainable world by strengthening our corporate structure through innovation and creating new products and businesses for sustainable growth

Key Initiatives

1. Solve social issues
2. Foster innovation to build a robust corporate structure
3. Create new products and businesses to deliver sustainable growth

2021

2030

FY2029 Financial indicators

Operating profit margin
12 % or more

ROE
10 % or more

LSV 2030
LINTEC SUSTAINABILITY VISION

Medium-term Business Plan LSV 2030 - Stage 1	Medium-term Business Plan LSV 2030 - Stage 2	Medium-term Business Plan LSV 2030 - Stage 3
(FY2021-FY2023)	(FY2024-FY2026)	(FY2027-FY2029)

Formulating and implementing a Medium-term Business Plan every three years as a milestone toward the realization of LSV 2030

Review of previous Medium-term Business Plan LSV 2030 - Stage 1

1. Solve social issues

E Environment	Key activities implemented at Stage 1
Help shape a carbon-free world	・CO_2 emission reduction target: Achieve greater than 50 % reductions by 2030 compared to FY2013 FY2020 performance: 20 % reductions / FY2023 performance: 51 % reductions
Help shape a recycling-oriented world	・Expanded range of environmentally friendly products and promoted solvent-free products ⇒ Developed mono-material labelstock using the same material as PET containers (Received Labelexpo Europe 2023 Label Industry Global Award) ⇒ Percentage of adhesive products for seals and labels that are solvent free FY2020 performance: 77 % / FY2023 performance: 85 % ⇒ Percentage of release papers that are solvent free FY2020 performance: 56 % / FY2023 performance: 66 % ・Began working toward building recycling system for release papers
Comply with the PRTR Act	・Reduced VOC (volatile organic compound) atmospheric emissions (zero by 2030) ⇒ Reduced use of organic solvents such as toluene and xylene and reduced atmospheric emissions by using solvent treatment equipment Toluene volumes handled: 6,614 t in FY2020 / 5,461 t in FY2023 Toluene atmospheric emissions: 399 t in FY2020 / 341 t in FY2023
Pursue biodiversity preservation initiatives	・Planted trees and cleaned up beaches at domestic and overseas sites ・Took steps to protect native species and eradicate invasive alien species that impact native species at the Kumagaya Plant

Review of previous Medium-term Business Plan LSV 2030 - Stage 1

1. Solve social issues

S Society	Key activities implemented at Stage 1
Respect human rights	・Established Lintec Group Human Rights Policy ・Conducted employee surveys, produced action plans, and promoted kaizen activities
Provide proper information disclosure to stakeholders	・Formulated Multi-Stakeholder Policy ・Disclosed information related to sustainability management ⇒ Launched the Sustainability Committee (consisting of 5 committees and 5 subcommittees) ⇒ Enhanced Sustainability Report and Integrated Report
Promote work-style reform initiatives	・Introduced systems to improve work-life balance ⇒ Raised mandatory retirement age to 65, revamped telework system, introduced “career return” system, and adopted hourly paid leave system ・Promoted diversity ⇒ Increased employment rate of people with disabilities, encouraged male employees to take childcare leave, etc.
Promote the quality-first and customer-first approach	・Announced Declaration of Partnership Building ・Issued action guidelines for each fiscal year and ensured that all Group employees were fully aware thereof: “Provide products and services that exceed customer expectations”

Review of previous Medium-term Business Plan LSV 2030 - Stage 1

1. Solve social issues

G Governance	Key activities implemented at Stage 1
Strengthen corporate governance	・Disclosed information in line with the principles of the Corporate Governance Code ・Established a system in which important matters related to Group governance were appropriately requested, decided, and reported
Further increase effectiveness of the Board of Directors	・Enhanced management by adhering to a PDCA cycle for evaluating the effectiveness of the Board of Directors ・Implemented training for directors and executive officers ・Explored initiatives to realize management keenly aware of the cost of capital and our share price
Ensure the timely disclosure of corporate information and the transparency of management	・Ensured that important and useful information related to operations and financial results was reported at the Management Meeting and disclosed after approval decision by the Board of Directors ・Provided disclosure information to all stakeholders, including shareholders and investors in an appropriate and fair manner
Engage in constructive dialogue with shareholders and investors	・Held semi-annual briefings and quarterly IR meetings and interviews for domestic institutional investors and securities analysts ・Held online meetings for overseas institutional investors and participated in domestic IR events organized by securities firms

Review of previous Medium-term Business Plan LSV 2030 - Stage 1

2. Foster innovation to build a robust corporate structure

	Key activities implemented at Stage 1
Transform business processes including design, development, manufacturing, and logistics through digital transformation (DX)	・Launched DX promotion project: LDX2030 Pursued operational transformation and developed digital talent ・Transformed business processes with digital technology and AI (development, production, and sales)
Install new production equipment to conserve energy, raise quality, increase efficiency, and reduce labor through scrap and build	・Deployed production equipment for smart factories ・Installed coating equipment for solvent-free hotmelt adhesives that meet FDA standards ・Introduced equipment to reduce greenhouse gases, such as cogeneration and solar power generation equipment
Strengthen cost competitiveness with innovation in production processes	・Deployed in-line equipment for paper machines that helps improve product functionality and save energy ・Enhanced production equipment in Japan and overseas
Reform the structure of low-growth and unprofitable businesses and soundly manage Group companies	・Revised prices ・Withdrew unprofitable products ・Streamlined procurement and production in Japan and overseas
Maintain a solid financial base and improve capital efficiency	・Prepared and utilized balance sheets for each business unit to improve asset efficiency ・Reviewed dividend policy and approach to share buybacks as means of returning value to shareholders ・Announced measures to achieve a price-to-book ratio of more than 1

Review of previous Medium-term Business Plan LSV 2030 - Stage 1

3. Create new products and businesses to deliver sustainable growth

	Key activities implemented at Stage 1
Create new products and businesses driven by technological innovation	・Established elemental technology for CNT pellicles for EUV lithography machines (dust-proof materials), which are indispensable for producing the microcircuits used in next-generation semiconductors ・Established Package and Material Development Group to commercialize new tapes and devices and develop proprietary processes in connection with packaging technology downstream of advanced semiconductor production processes ・Launched the Welsurt brand for product development that contributes to the creation of a sustainable smart society
Expand strategic investment and flexibly conduct mergers and acquisitions (M&A)	・Made heavy capital investments in anticipation of electronics market growth (multi-layer ceramic capacitor-related tape coating equipment and semiconductor-related adhesive tape coating equipment) ・Invested heavily in expanding our market share of adhesive products in North America ⇒ Acquired Duramark, Spinnaker and Label Supply to strengthen production and sales capabilities ・Strengthened sales of adhesive products in Asia ⇒ Acquired Multiyasa in Indonesia
Move aggressively to win a greater presence in the global market	・Overseas sales ratio: 50 % in 2020 / 61 % in 2023

Review of previous Medium-term Business Plan LSV 2030 - Stage 1: overview of financial performance

	FY2023 <final year> initial targets	FY2021 <1st year> results	FY2023 <final year> revised targets	FY2022 <2nd year> results	FY2023 <final year> results
Net sales (billion yen)	255.0	256.8	300.0	284.6	276.3
Operating income (billion yen)	21.0	21.6	24.0	13.8	10.6
Profit attributable to owners of parent (billion yen)	14.0	16.6	17.0	11.5	5.2
Operating profit margin	8 % or more	8.4 %	8 % or more	4.8 %	3.8 %
ROE (return on equity)	7 % or more	8.2 %	8 % or more	5.3 %	2.3 %

[Overview of financial performance during the course of Stage 1]

1st year: Recorded record highs in both sales and profits, achieving the management targets initially set for the final fiscal year ahead of schedule. Revised upward management targets for the final fiscal year.

2nd year: Experienced a sharp decline in orders for electronic/optical products and other products, and heavily impacted by soaring raw material and fuel prices and logistics costs, resulting in a drop in earnings.

Final year: Benefitted from price revisions and the depreciation of the yen, as well as a recovery in orders received for semiconductor and electronic component-related products and adhesive products for seals and labels in the third quarter or later. However, this upturn could not make up for our poor performance in the first half of the year and our financial results declined significantly.

Review of previous Medium-term Business Plan LSV 2030 - Stage 1: financial performance by segment

(Unit: billion yen)		FY2023 <final year> initial targets	FY2021 <1st year> results	FY2023 <final year> revised targets	FY2022 <2nd year> results	FY2023 <final year> results
Net sales	**Printing and Industrial Materials Products**	**138.0**	**132.4**	**164.5**	**173.3**	**169.0**
	Printing & Variable Information Products Operations	107.0	101.3	129.0	140.0	133.2
	Industrial & Material Operations	31.0	31.1	35.5	33.3	35.8
	Electronic and Optical Products	**83.0**	**91.4**	**98.5**	**78.1**	**73.9**
	Advanced Materials Operations	64.0	67.4	78.0	61.5	60.0
	Optical Products Operations	19.0	24.0	20.5	16.6	13.9
	Paper and Converted Products	**34.0**	**33.0**	**37.0**	**33.2**	**33.4**
	Fine & Specialty Paper Products Operations	15.5	15.3	16.5	16.1	15.3
	Converted Products Operations	18.5	17.7	20.5	17.1	18.1
	Total	**255.0**	**256.8**	**300.0**	**284.6**	**276.3**
Operating income	**Printing and Industrial Materials Products**	**3.0**	**1.4**	**3.5**	**3.0**	**-1.1**
	Electronic and Optical Products	**15.4**	**19.2**	**19.0**	**12.5**	**11.7**
	Paper and Converted Products	**2.6**	**1.0**	**1.5**	**-1.7**	**0.0**
	Total	**21.0**	**21.6**	**24.0**	**13.8**	**10.6**

Review of previous Medium-term Business Plan
LSV 2030 - Stage 1

New Medium-term Business Plan
LSV 2030 - Stage 2

Measures to realize management keenly aware of cost of capital and our share price

LSV 2030
LINTEC SUSTAINABILITY VISION
Stage 2

New Medium-term Business Plan LSV 2030 - Stage 2

LSV 2030 Key Initiatives

1. Solve social issues
2. Foster innovation to build a robust corporate structure
3. Create new products and businesses to deliver sustainable growth

Medium-term Business Plan LSV 2030 - Stage 1	**Medium-term Business Plan LSV 2030 - Stage 2**	Medium-term Business Plan LSV 2030 - Stage 3

FY2026 financial indicators
Operating profit margin: 8 % or more
ROE (return on equity): 8 % or more

FY2029 financial indicators
Operating profit margin: 12 % or more
ROE (return on equity): 10 % or more

Formulating and implementing a Medium-term Business Plan every three years as a milestone toward the realization of LSV 2030

1. Solve social issues

E Environment	Key activities at Stage 2
Help shape a carbon-free world	・Change CO_2 emission reduction target (initial target: Achieve greater than 50 % reductions by 2030 compared to FY2013) ⇒ Stage 1 performance: 51 % Stage 2 target: greater than 67 % / Stage 3 target: greater than 75 %
Help shape a recycling-oriented world	・Expand range of environmentally friendly products ・Further promote solvent-free adhesives and release agents ・Begin operating recycling system for release papers
Comply with the PRTR Act	・Reduce VOC (volatile organic compound) atmospheric emissions (zero by 2030) Reduce use of organic solvents such as toluene and xylene and further reduce atmospheric emissions by using solvent treatment equipment ⇒ Introduce high-efficiency equipment such as low-concentration solvent gas concentrators ⇒ Reduce use of organic solvents by switching to solvent-free release agent formulas and adhesives
Pursue biodiversity preservation initiatives	・Continue to plant trees and clean up beaches at domestic and overseas sites ・Plant trees and plants to create a forest at the Kumagaya Plant

New Medium-term Business Plan LSV 2030 - Stage 2

1. Solve social issues

S Society	Key activities at Stage 2
Respect human rights	・Strive to further raise awareness among employees concerning human rights and harassment ・Improve and implement questionnaire surveys and audits of suppliers ・Continue conducting employee surveys and organize kaizen activities
Provide proper information disclosure to stakeholders	・Disclose information related to sustainability management ⇒ Further enhance Sustainability Report and Integrated Report
Promote work-style reform initiatives	・Improve the organization and workplace environments to raise employee motivation ・Ensure diversity in human resources ⇒ Promote employment of persons with disabilities at business sites that have a person in charge of providing support to persons with disabilities ⇒ Develop foreign personnel through overseas succession planning ⇒ Improve and implement career advancement training for women ・Raise mandatory retirement age to 65 at Group companies in Japan
Promote the quality-first and customer-first approach	・Strive to develop, manufacture, and sell products based on the principles of quality, environmental friendliness, and safety to ensure that our business activities gain the trust of all stakeholders ・Issue action guidelines and ensure that all Group employees are fully aware thereof: “Identify and respond to customer needs earlier than our competitors in product development and service provision”

1. Solve social issues

G Governance

	Key activities at Stage 2
Strengthen corporate governance	・Disclose information in line with the principles of the Corporate Governance Code ・Ensure that important matters related to Group governance were appropriately requested, decided, and reported
Further increase effectiveness of the Board of Directors	・Further enhance management by adhering to a PDCA cycle for evaluating the effectiveness of the Board of Directors ・Raise the objectivity and transparency of management through consultation with the Nomination and Compensation Committee ・Implement training for directors and executive officers
Ensure the timely disclosure of corporate information and the transparency of management	・Disclose ESG information to evaluation organizations and respond to surveys ・Enhance disclosure of information related to sustainability management ⇒Publish shareholders meeting convocation notices, annual securities reports, corporate governance reports, etc. on our sustainability site, IR site, etc.
Engage in constructive dialogue with shareholders and investors	・Actively engage in dialogue with shareholders and implement IR activities ⇒ Share opinions and advice received through constructive dialogue with shareholders and investors and through our shareholder newsletter (WAVE) with management and put it to effective use ⇒ Strengthen IR activities for individual and institutional investors ⇒ Improve the Lintec IR site and Integrated Report

2. Foster innovation to build a robust corporate structure

	Key activities at Stage 2
Optimize business portfolio through extensive restructuring	・Assess the future growth potential, market competitiveness, and profitability of each business, and rebuild our portfolio ・Soundly manage Group companies in Japan and overseas
Strengthen QCD for existing businesses to make them highly profitable	・Install new production equipment to conserve energy, raise quality, increase efficiency, and reduce labor through scrap and build ・Strengthen cost competitiveness with innovation in production processes
Transform business processes including design, development, manufacturing, and logistics through digital transformation (DX)	・Drawing on data and digital technologies with AI and IoT, reinvent business processes and business models to create new products/services and strengthen our competitiveness
Maintain a solid financial base and improve capital efficiency	・Clarify KPIs based on the balance sheets of each business unit to increase turnover of trade receivables, inventories, fixed assets, etc.

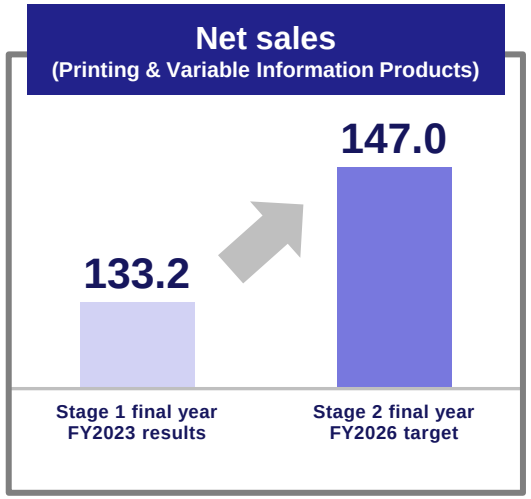
3. Create new products and businesses to deliver sustainable growth

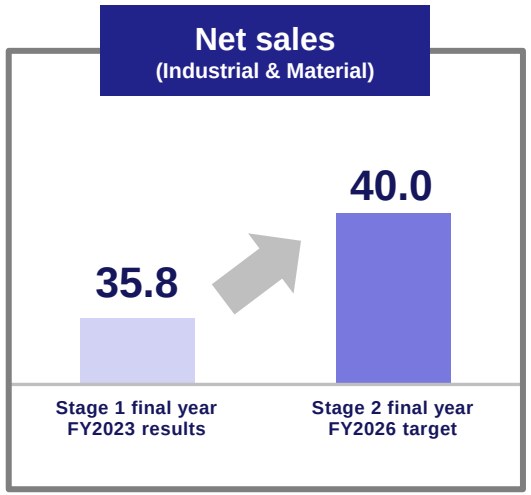
	Key activities at Stage 2
Create new products and businesses driven by technological innovation	・Begin mass production of CNT pellicles for EUV lithography machines ・In connection with packaging technology downstream of advanced semiconductor production processes, develop new tapes and devices, offer original processes, and make them de facto standards ・Increase production capacity of semiconductor-related devices ・Launch new business under the Welsurt brand ・Create even more new products ⇒ New-product sales ratio target: 27 % (2030 target: 30 % or more)
Move aggressively to win a greater presence in the global market	・Further increase the overseas sales ratio 2020 result: 50 % / 2023 result: 61 % / 2026 target: 65 % ・Establish localization ⇒ Expand range and sales of products such as adhesive paper and adhesive film that are tailored to meet local needs ・Nurture talent capable of thriving on the world stage ・Secure new production bases, including through mergers and acquisitions

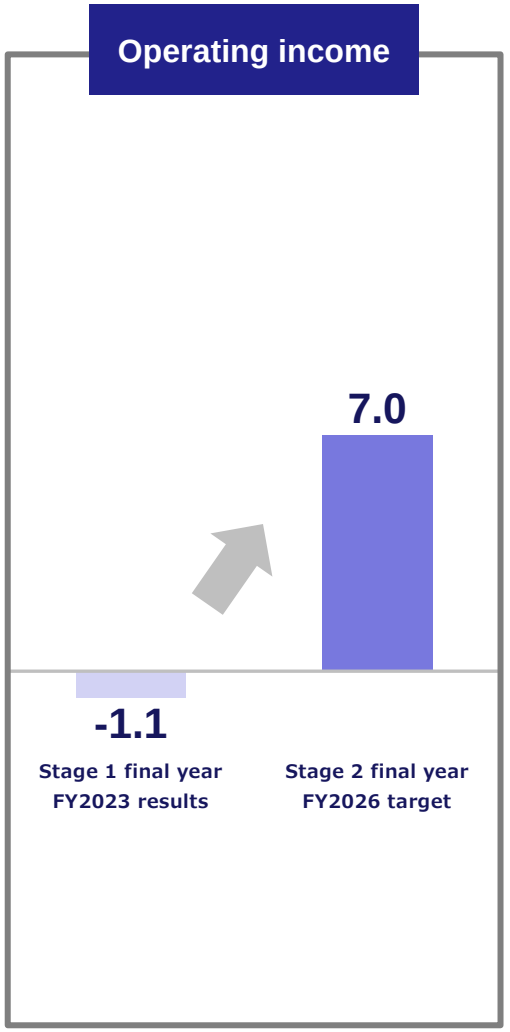
Numerical targets for Printing and Industrial Materials Products

(Unit: billion yen)

	Stage 1 final year FY2023 results	Stage 2 final year FY2026 target	Change (% change)
Printing & Variable Information Products Operations	133.2	**147.0**	+13.8 (+10 %)
Industrial & Material Operations	35.8	**40.0**	+4.2 (+12 %)
Net sales total	169.0	**187.0**	+18.0 (+11 %)
Operating income	-1.1	**7.0**	+8.1 (- %)







Individual themes and measures

- **Expand sales and increase profits in North America and Asia**
  - North America: Expand business by leveraging the greater production capacity and sales channels acquired
    - ◇ Expand sales of adhesive paper and environmentally friendly products for logistics, food, beverages, and toiletries
    - ◇ Increase market penetration of adhesive films for uses in healthcare, industry, etc.
  - Asia: Expand lineup and sales of products that meet local needs (in Indonesia, Vietnam, India, etc.)
    - ◇ Improve competitiveness by strengthening QCD at production bases
    - ◇ Expand further into spaces such as logistics, food, electronics, automobiles, medical-related products
- **Take action for coexistence with the earth's environment and realization of a recycling-oriented society**
  - Expand sales of environmentally friendly products (non-plastic products, mono-materials, verified forest paper, hotmelt adhesive products, etc.)
  - Establish a recycling system for used release papers (J-ECOL: Japan-Earth Conscious Labeling)
  - Encourage adoption by proposing new applications for environmentally friendly products to brand owners
- **Strengthen QCD and increase profits**
  - Strengthen cost competitiveness by optimizing production through consolidation of production facilities
  - Reduce costs by reviewing procured materials and product designs and integrating product types

Individual themes and measures

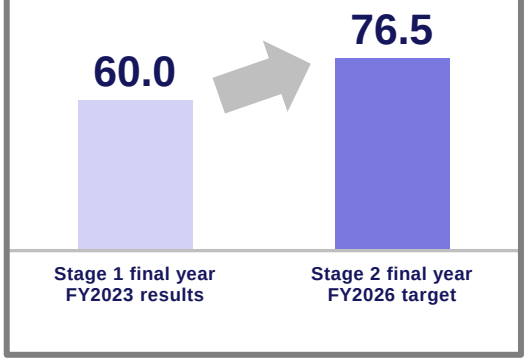
- **Further enhance performance and expand sales of window films**
  - Automotive window films:
    - ◇ Develop and expand sales of high-performance products with features such as heat shielding, transparency, and UV protection
    - ◇ Roll out high-grade heat shielding films in Asia (Thailand, Malaysia, Taiwan, China, etc.)
    - ◇ Expand sales of crime-resistant films and windshield protection films in North America
  - Building window films:
    - ◇ Expand sales of products that contribute to crime prevention, shatter prevention, and energy conservation in offices, shopping malls, public facilities, etc.
- **Develop new products and expand sales of systems that help mitigate labor shortages and improve production efficiency**
  - Develop easy-to-install interior materials and wall panels for the refurbishment/renovation market (help mitigate the shortage of construction workers)
  - Expand sales of automated systems that employ labeling technology (help save labor and speed up operations at manufacturing sites and distribution centers)
- **Develop and expand sales of digital printing media**
  - Respond to demand for original designs (interior finishing mounting films, glass decorative films, etc.)
- **Develop environmentally friendly products**
  - Develop coating substitute films for automobiles and promote switching to solvent-free label materials to help reduce CO_2 and VOC emissions
  - Develop easy-to-peel adhesives to respond to increasing recycling and reuse of products
  - Signage, advertising, and decorative materials: Bring to market products made from recycled and biomass materials

Numerical targets for Electronic and Optical Products

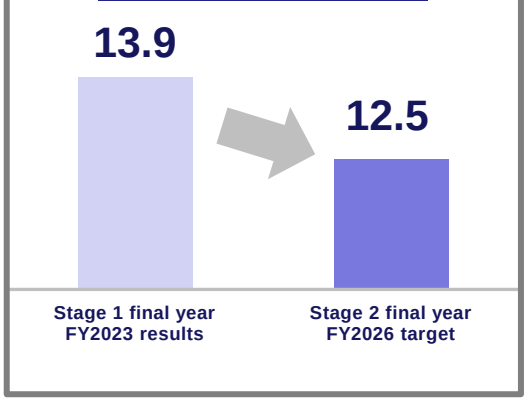
(Unit: billion yen)

	Stage 1 final year FY2023 results	Stage 2 final year FY2026 target	Change (% change)
Advanced Materials Operations	60.0	**76.5**	+16.5 (+28 %)
Optical Products Operations	13.9	**12.5**	-1.4 (-10 %)
Net sales total	73.9	**89.0**	+15.1 (+20 %)
Operating income	11.7	**16.5**	+4.8 (+41 %)

Net sales (Advanced Materials)



Net sales (Optical Products)



Operating income

Individual themes and measures

- **Continue to make capital investments to meet demand as the electronics market grows**
  - Build greater capacity to supply multi-layer ceramic capacitor tapes, semiconductor-related adhesive tapes, and related devices
  - Expanding sales of surface protection tapes for backgrinding
  - Enhance the robustness of the semiconductor device business by strengthening the device field support team
- **In connection with packaging technology downstream of advanced semiconductor production processes, develop new tapes/devices and original processes**
  - Develop implementation technology in connection with semiconductor packaging technology
  - Respond to new processes (laser pick-up, TSV, etc.) and high-density, multi-layer products
  - Develop new products for automotive and power-device semiconductors
  - Propose and expand sales of materials for next-generation assembly processes
  - Establish anti-counterfeiting technology for semiconductor chips
- **Establish system for mass production of CNT pellicles for EUV lithography machines**
  - Establish the first mass production system and begin sales by FY2025

Individual themes and measures

- **Roll out adhesive products for optical displays**
  - Expand sales by strengthening the competitiveness of adhesive products for OLED displays for high-end smartphones and other applications

- **Develop and expand sales of new products such as OCA* for automobiles**
  - Establish production technologies for ultra-thick films and develop durable products for automobiles
  - Expand beyond automotive applications by offering multi-functionality such as diffusion and coloring

* OCA: Optical Clear Adhesive

- **Develop light diffusion films**
  - For digital signage, spatial displays, reflective LCD applications, etc. at public facilities

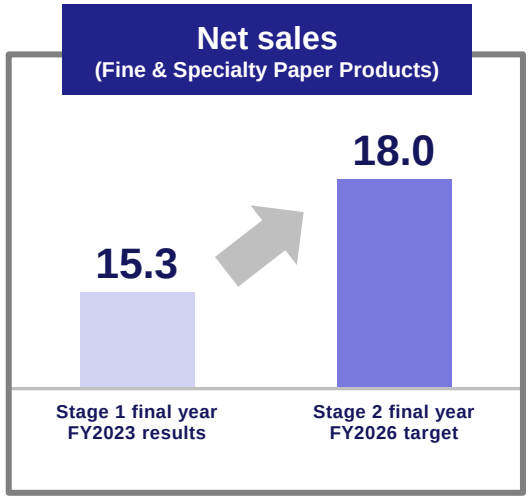
- **Develop barrier films**
  - Utilize in next-generation solar cells such as PSCs (perovskite solar cells)
  - Utilize in next-generation e-paper

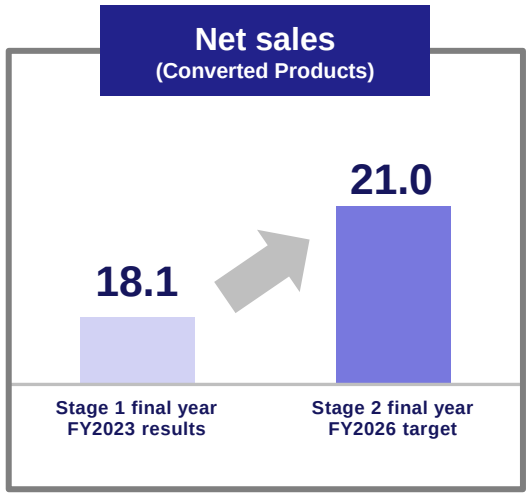
- **Expand sales of surface-treated optical films**
  - Expand sales of high-definition, low-reflection films utilized in the top surface of displays

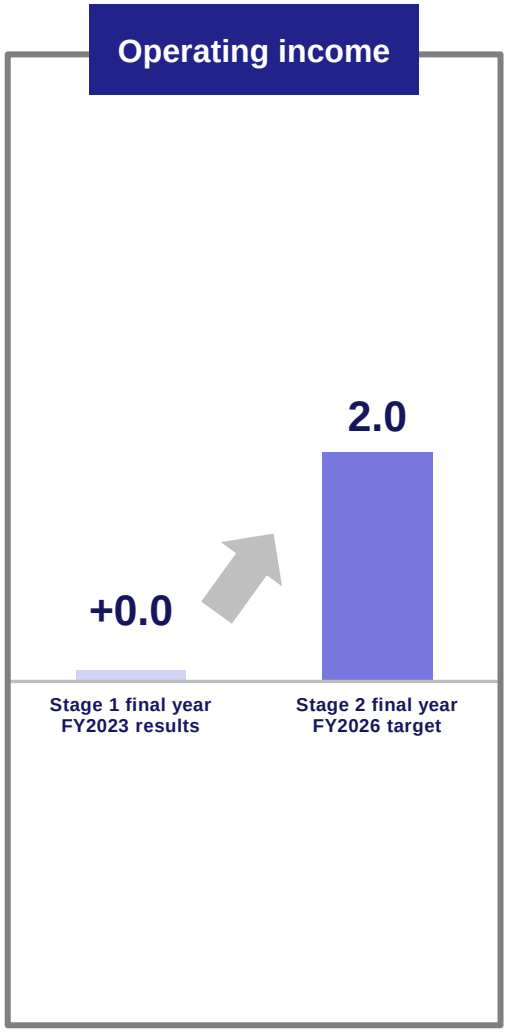
Numerical targets for Paper and Converted Products

(Unit: billion yen)

	Stage 1 final year FY2023 results	Stage 2 final year FY2026 target	Change (% change)
Fine & Specialty Paper Products Operations	15.3	**18.0**	+2.7 (+18 %)
Converted Products Operations	18.1	**21.0**	+2.9 (+16 %)
Net sales total	33.4	**39.0**	+5.6 (+17 %)
Operating income	+0.0	**2.0**	+2.0 (- %)







Individual themes and measures

- **Develop even more applications for oil-resistant paper**
  - Complete switch to non-fluorinated oil-resistant paper
  - Utilize in paper food containers (thick type)
  - Develop new applications such as oxygen absorbers to extend shelf life
- **Develop and expand sales of high-performance papers as alternatives to plastics**
  - High transparency papers (semi-transparent files, translucent envelope paper, transparent product packaging materials, etc.)
  - Biodegradable heat sealing papers (secondary packaging for frozen food products etc.)
  - Water-resistant papers (pouch containers etc.)
- **Create high value-added products**
  - Utilize in-line equipment for paper machines that helps improve product functionality and save energy
  - Integrate with processing technology that involves coating machines, PE lamination machines, etc.
- **Increase profitability**
  - Restructure and optimize production capacity

Individual themes and measures

- **Step up overseas distribution of casting papers for synthetic leather**
  - Expand sales in India, China, North America, and Europe by strengthening sales networks
  - Expand product line-up for overseas leather manufacturers with new coating equipment scheduled to be completed in 2025 (Expand uses of wide-width casting papers such as use for vehicle interior leather)
- **Expand sales of casting papers for carbon fiber composite materials**
- **Develop new products to serve as seeds for future innovation**
  - Develop and expand sales of casting papers that endow materials with water resistance and anti-skid capabilities
  - Develop new patterns for casting papers for synthetic leather in anticipation of future trends
- **Promote environmentally friendly products**
  - Make release papers and release films solvent-free
  - Eliminate use of polyethylene in release papers

New Medium-term Business Plan LSV 2030 - Stage 2: Management targets

Steadily implement various measures for the three Key Initiatives from the Long-Term Vision and the individual themes for each business unit

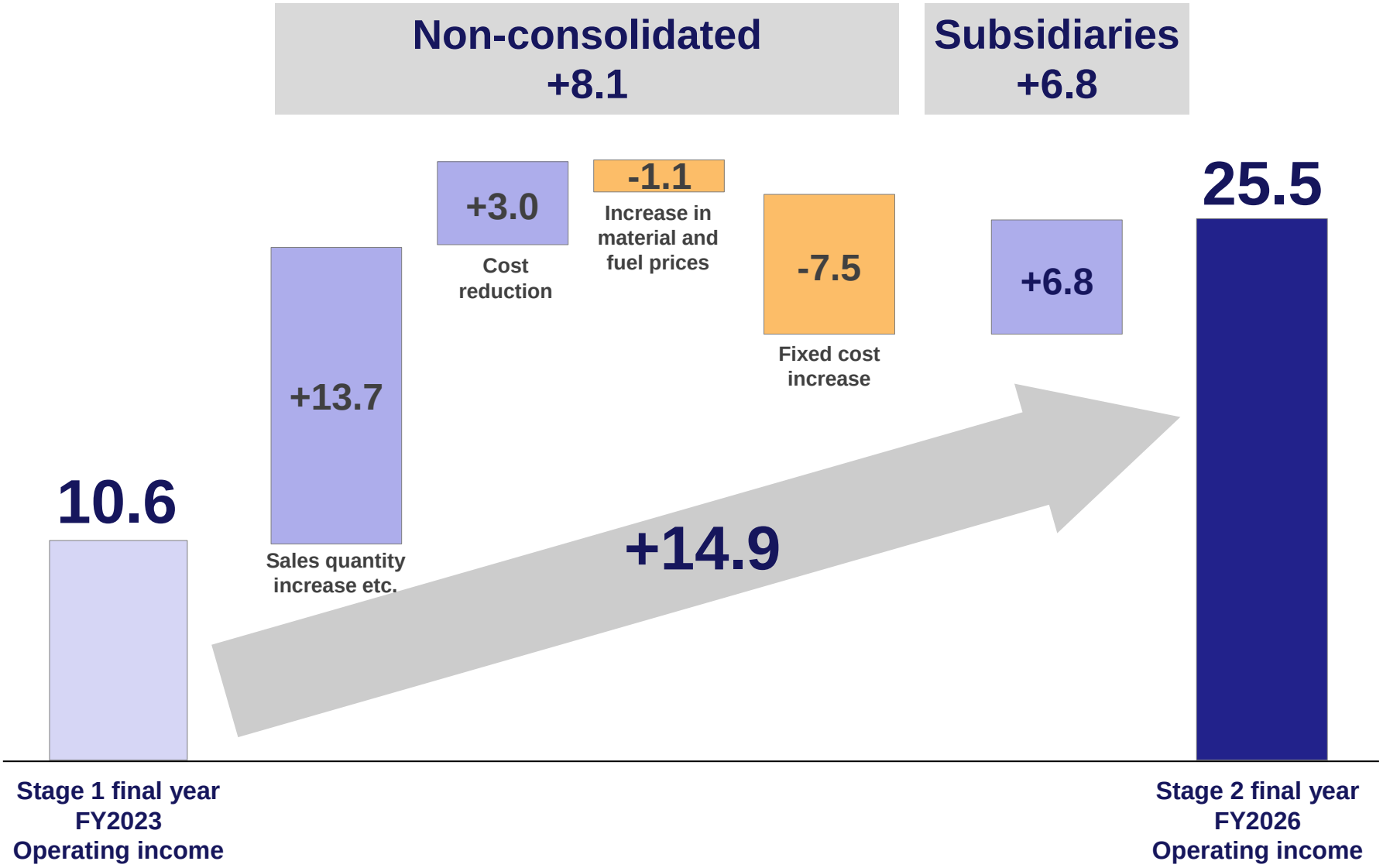
Stage 2 final year (FY2026) management targets

	FY2023	FY2026	Change (% change)
● Net sales (billion yen)	276.3	315.0	+38.7 (+14 %)
● Operating income (billion yen)	10.6	25.5	+14.9 (+141 %)
● Profit attributable to owners of parent (billion yen)	5.2	18.0	+12.8 (+246 %)
● Operating profit margin	3.8 %	8 % or more	–
● ROE (return on equity)	2.3 %	8 % or more	–

* Assumed exchange rates:
JPY/USD 140.00 JPY/EUR 147.00 JPY/KRW 0.100 JPY/CNY 19.50 JPY/TWD 4.35

New Medium-term Business Plan LSV 2030 - Stage 2: Breakdown of increase in operating income

(Unit: billion yen)

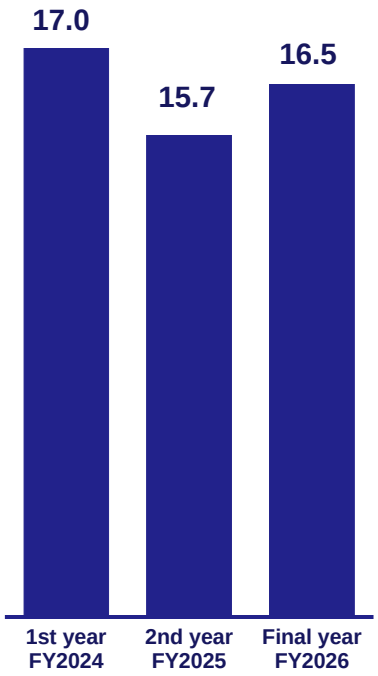


New Medium-term Business Plan LSV 2030 - Stage 2:
Capital expenditures / Depreciation / Amortization of goodwill / R&D expenses

(Unit: billion yen)

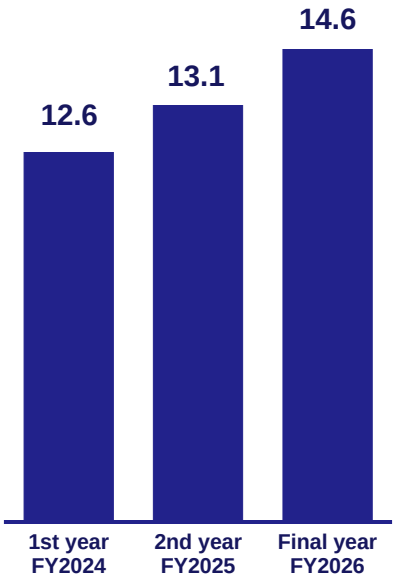
Capital expenditures

Stage 2 total
49.2 billion yen



Depreciation

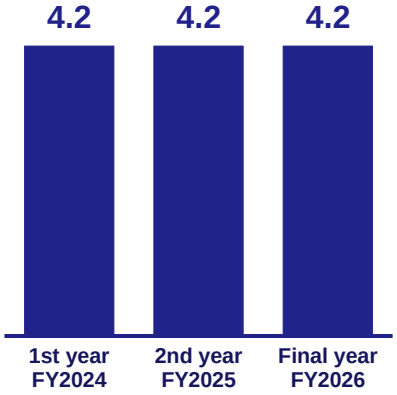
Stage 2 total
40.3 billion yen



Amortization of goodwill

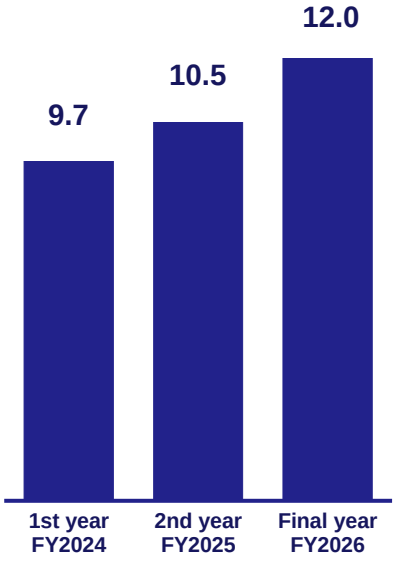
Stage 2 total
12.6 billion yen

Amortization of goodwill from MACtac Americas will be completed in FY2026



R&D expenses

Stage 2 total
32.2 billion yen



Cashflow allocation for sustainable growth

Cashflow allocation (FY2024-FY2026)

Make effective use of cash to strengthen our financial base and invest in production facilities and R&D to raise our value as an enterprise

Cash flow during Stage 2

(operating income + depreciation + amortization of goodwill) Approx. 130.0 billion yen

External financing

Growth investments	Capital investment etc. Approx. 60.0 billion yen	・Tape coating equipment for multi-layer ceramic capacitors ・Semiconductor-related adhesive tape coating equipment ・Release paper coating equipment ・Environment-related investments ・DX-related investments
	R&D investment Approx. 32.0 billion yen	・Development of new tapes, devices, and original processes in connection with semiconductor packaging technology ・Establishment of system for mass production of CNT pellicles for EUV lithography machines ・Development of environmentally friendly products
	M&A and other flexible investments	・Expansion into new countries/territories, new markets, and new fields
Shareholder returns	➢ In principle, no reduction of dividends until the final fiscal year of Stage 2 ending March 2027 Dividends payout ratio of 40 %+ or DOE of 3 % (target) ➢ Flexible share buybacks	

Review of previous Medium-term Business Plan
LSV 2030 - Stage 1

New Medium-term Business Plan
LSV 2030 - Stage 2

Measures to realize management keenly aware of cost of capital and our share price

Measures to realize management keenly aware of cost of capital and our share price

Financial performance during previous Medium-term Business Plan LSV 2030 - Stage 1

	Stage 1		
	FY2021	FY2022	FY2023
Net sales (billion yen)	256.8	284.6	276.3
Operating income (billion yen)	21.6	13.8	10.6
Profit attributable to owners of parent (billion yen)	16.6	11.5	5.2
Operating profit margin	**8.4 %**	**4.8 %**	**3.8 %**
ROE (return on equity)	**8.2 %**	**5.3 %**	**2.3 %**
Price/book (ratio of share price to net assets)	**0.81**	**0.65**	**0.93**

Price/book remained below 1 during the course of Stage 1

Measures to realize management keenly aware of cost of capital and our share price

New Medium-term Business Plan LSV 2030 - Stage 2

Steadily advance toward the management targets for the final year

Increase profitability (R)

- Strengthen QCD for existing businesses to make them highly profitable
- Optimize business portfolio through extensive restructuring
- Swiftly launch new products and businesses
- Transform business processes including design, development, manufacturing, and logistics through digital transformation (DX)

Improve capital efficiency (E)

- Increase turnover of trade receivables, inventories, and fixed assets to improve asset efficiency
- Enhance shareholder returns

ROE 8 % or more

Cashflow allocation for sustainable growth

Engage in constructive dialogue with shareholders and investors

Long-term Vision: Three Key Initiatives

- Solve social issues
- Foster innovation to build a robust corporate structure
- Create new products and businesses to deliver sustainable growth

Further increase in enterprise value

Price/book continuously above 1

Thank you for your attention

Cautionary Statement with Respect to Forward-Looking Statements

The plans and forecasts contained herein reflect Company assumptions based on information available at the time of publication. They do not guarantee the accuracy of the information; nor do they guarantee that the forecast figures or policies will be achieved. Please note that the contents herein may be changed without notice.