

◆ Summary of FY2026/3 2Q Financial Results Briefing ◆

[Speakers]

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◆ Consolidated Financial Results for FY2026/3 2Q

Net sales declined 3,724 million yen year-on-year, or by 2.4%, to 154,752 million yen; operating income declined 919 million yen, or by 6.7%, to 12,767 million yen; ordinary income declined 1,779 million yen, or by 12.5%, to 12,487 million yen; and profit attributable to owners of parent declined 1,886 million yen, or by 17.4%, to 8,928 million yen.

I will now explain the financial results for LINTEC Corporation and its consolidated subsidiaries. With regard to net sales, non-consolidated net sales increased 3,731 million yen year-on-year, by 4.4%, to 89,341 million yen, while net sales of consolidated subsidiaries fell 5,004 million yen, or by 5.0%, to 95,986 million yen. Note that overseas net sales in the first half declined 5,530 million yen to 96,766 million yen, due in part to currency effects, compared to 102,297 million yen in the same period of the previous year; and that the overseas sales ratio declined from 64.6% to 62.5%. With regard to operating

income, non-consolidated operating income rose 736 million yen year-on-year, by 11.0%, to 7,419 million yen, while operating income for consolidated subsidiaries declined 2,003 million yen, or by 27.7%, to 5,234 million yen.

In the context of summarizing the financial results for LINTEC Corporation and its consolidated subsidiaries, I will discuss net sales later as part of the overview provided for each business unit.

I will now explain the factors that had positive or negative effects on operating income. On a non-consolidated basis, the factors that increased income were 1,700 million yen, attributable to higher sales volumes in Advanced Materials Operations; 700 million yen attributable to price revisions in the Electronic and Optical Products segment; and 900 million yen attributable to changes in the sales mix, resulting from higher sales of semiconductor-related adhesive tape. Factors that reduced income were 900 million yen, attributable to the higher cost of pulp and other raw materials, fuel, and logistics; and 1,600 million yen attributable to higher fixed costs. With regard to fixed costs, the effects of higher personnel expenses and experimentation and research costs offset reductions of 500 million yen attributable to the effects of impairment losses on non-current assets—specifically, paper manufacturing equipment. At our consolidated subsidiaries, higher personnel expenses had perceptible effects: at MACtac Americas, an increase in sales volumes and the impact of sale price revisions proved insufficient to offset a deterioration in the sales mix and increases in raw material costs, resulting in significantly lower profit. Another contributing factor was lower sales volumes at Madico and VDI. In our Advanced Materials Operations overseas subsidiaries, contributing factors included lower profit attributable to lower sales volumes of HBM manufacturing equipment and the shift of profits to LINTEC Corporation to comply with the transfer pricing tax system. Note that currency effects attributable to yen appreciation reduced net sales by 3,600 million yen and reduced operating income by 800 million yen.

Next, we'll discuss our first-half results by segment. With regard to Printing and Industrial Materials Products, net sales in Printing & Variable Information Products Operations declined 2,217 million yen year-on-year, or by 3.0%, to 71,324 million yen, while net sales in Industrial & Material Operations

declined 352 million yen, or by 1.9%, to 18,541 million yen. Net sales for this segment declined 2,569 million yen year-on-year, or by 2.8%, to 89,865 million yen, while operating income declined 1,884 million yen, or by 53.0%, to 1,673 million yen, due to lower sales in the US, higher procurement costs in Japan and the US, and the impact of increases in fixed costs including personnel expenses.

What follows is a summary of net sales for the business units within this segment. For Printing & Variable Information Products Operations, in the area of adhesive products for seals and labels, sales in Japan of products for pharmaceuticals and logistics remained roughly the same as in the same period of the previous year; however, sales of products for food-related products, eye-catching labels, and beverage campaigns were sluggish. Overseas, sales volumes absorbed the effects of the change in the sales mix at MACtac Americas. As a result, while net sales in dollar terms remained at the same levels as in the same period of the previous year, currency effects resulted in a decline in yen terms of about 2,000 million yen—from 44,876 million yen in the same period of the previous year to 42,895 million yen. In addition, net sales were sluggish in China and ASEAN. Overseas sales accounted for 71.3% of sales for Printing & Variable Information Products Operations. In Industrial & Material Operations, sales in Japan of window film for security and sunlight regulation grew, while sales of automotive adhesive products held firm. Overseas, demand for security window film at Madico (US) proved lackluster. In ASEAN nations, sales of automobile-use adhesive products decreased. Overseas sales accounted for 52.2% of overall sales for Industrial & Material Operations.

Next, we'll discuss Electronic and Optical Products. Net sales in Advanced Materials Operations increased 1,019 million yen year-on-year, by 2.4%, to 42,675 million yen; net sales in Optical Products Operations declined 2,219 million yen, or by 34.2%, to 4,271 million yen. Net sales for this segment declined 1,200 million yen year-on-year, or by 2.5%, to 46,946 million yen, and operating income rose 970 million yen, by 10.2%, to 10,456 million yen, attributable to higher sales volumes of semiconductor and electronic component-related products, though fixed costs, including personnel expenses and depreciation expenses for new equipment introduced to strengthen production capacity, increased.

What follows is a summary of net sales for the business units in this segment. In Advanced Materials Operations, sales of semiconductor-related adhesive tape were strong due to increased demand related to generative AI, but sales of semiconductor-related devices fell, with declining incoming orders for devices for HBM manufacturing. Sales of multi-layer ceramic capacitor-related tape held firm, driven by increased high-end demand related to smartphones and data centers. Overseas sales accounted for 73.4% of overall sales for Advanced Materials Operations. In Optical Products Operations, despite solid sales of adhesive tape for OLED displays, net sales declined, due in part to the effects of the liquidation of subsidiaries in South Korea and Taiwan.

Next, we'll discuss Paper and Converted Products. Net sales in Fine & Specialty Paper Products Operations declined 226 million yen year-on-year, or by 3.0%, to 7,357 million yen; net sales in Converted Products Operations increased 271 million yen, by 2.6%, to 10,582 million yen. Net sales for this segment increased 45 million yen year-on-year, by 0.3%, to 17,940 million yen, while operating income declined 22 million yen, or by 3.7%, to 592 million yen, with the effect of higher sales volume in Converted Products Operations failing to offset increased fixed costs, including personnel expenses. We acknowledge that a restructuring of the Fine & Specialty Paper Products Operations is essential; for this reason, we have decided to halt operation of a paper machine currently operating at the Kumagaya Plant in March 2026. Going forward, while monitoring demand trends, we will work to optimize our production framework to improve profitability in the Fine & Specialty Paper Products Operations.

What follows is a summary of net sales for the business units in this segment. In Fine & Specialty Paper Products Operations, net sales were sluggish, while sales of industrial specialty papers held firm. This was attributable to lower demand for color papers for envelopes, a mainstay product, and for oil- and water-resistant papers. Net sales in Converted Products Operations were strong, despite lower sales of casting papers for synthetic leather, due to higher demand for release papers for general-use adhesive products, casting papers for carbon fiber composite materials, and release film for optical-related products. Overseas sales accounted for 35.3% of overall sales for Converted Products Operations.

◆ Forecasts of Consolidated Financial Results for FY2026/3

Next, we'll discuss our consolidated earnings forecasts for the full fiscal year ending March 2026. With regard to the financial results for the first half of the fiscal year ending March 2026, while the performance of MACTac Americas fell below initial forecasts, the overall results were more or less on target thanks to solid performance in Advanced Materials Operations. In the second half, we expect the earnings of MACTac Americas and Madico to be lower than originally forecast. Nevertheless, we believe sales of semiconductor-related adhesive tape, semiconductor-related devices, and multi-layer ceramic capacitor-related tape will be higher than in the first half. Given these circumstances, we have made no changes in the consolidated earnings forecasts for the fiscal year ending March 2026, which we announced on May 8, 2025. Our projections are net sales of 317,000 million yen; operating income for 24,000 million yen; ordinary income for 24,000 million yen, and profit attributable to owners of parent of 18,000 million yen.

Next, we'll discuss dividends. We have decided to pay an interim dividend of 55 yen per share, as originally planned. The year-end dividend also remains unchanged from the original forecast of 55 yen per share.

This fiscal year marks the midpoint on our path toward LSV 2030, our long-term vision, as well as the second year of our Medium-term Business Plan, LSV 2030 - Stage 2. All employees will work together to enhance our value as an enterprise by proactively and boldly taking on challenges to implement the Key Initiatives specified in our long-term vision—namely solving social issues, fostering innovation to build a robust corporate structure, and creating new products and businesses to deliver sustainable growth.

◆ Key questions and answers ◆

Q. How did semiconductor-related adhesive tape fare in the first half relative to the original forecast? Were there any changes between the first quarter and the second quarter?

A. Let me start by addressing the first-half results for semiconductor-related adhesive tape. Sales of dicing tape, back grinding tape, and backside coating tape all increased year-on-year. We've seen no significant changes from the previous fiscal year in trends by market or region. The Taiwan and China markets continue to account for a large share of sales, followed by the ASEAN market.

Q. How do you expect performance from the third quarter on for Advanced Materials Operations to compare to performance in the second quarter?

A. We expect sales of semiconductor-related adhesive tape to continue trending up from the third quarter on. Typically, however, the fourth quarter tends to see a modest decline, attributable to annual adjustments at overseas subsidiaries. Even so, we expect to exceed the initial sales forecast.

Q. Operating income for Printing and Industrial Materials Products rose slightly from the first to the second quarter. But looking at MACtac Americas alone, the loss narrowed significantly from the first quarter to the second quarter. Can you explain why the profit for the entire Printing and Industrial Materials Products segment failed to improve materially from the first quarter to the second quarter?

A. As you point out, MACtac Americas reduced losses by approximately 600 million yen from the first quarter to the second quarter. The other overseas subsidiaries were affected by the appreciated yen, which moved by approximately 7 yen against the dollar from the first quarter to the second quarter. That reduced operating income in yen terms.

Q. I have a question about MACtac Americas in Printing & Variable Information Products. The numbers indicate that losses narrowed from the first quarter to the second quarter. Do you have any updates on demand trends leading up to the present or on the outlook for price pass-through? Can we expect losses to continue to shrink in the second half? Are there any strategies for pricing strategies or additional cost reductions?

A. Personal consumption remains sluggish in the North American roll label market. We expect conditions to remain challenging in the second half. In addition, raw material costs remain high. In response, MACtac Americas will be monitoring market trends while working to improve profitability through price increases and other measures. In the area of fixed costs, we're moving ahead with plans to close two logistics supply locations, and will take all necessary measures, including optimizing other such locations and the personnel structure. By moving steadily forward with these measures, including consideration of price increases, we intend to retain an aggressive posture to improve profitability despite challenging second-half market conditions.

Q. MACtac Americas appears to be making progress with its restructuring, including price increases and fixed cost optimization. Can you explain the impact of each measure?

A. MACtac Americas raised prices for all of its products, starting in around mid-May. With regard to the impact for this fiscal year, we anticipate the effects of the price increases to be approximately 10 million dollars, or around 1,500 million yen. We're also taking various measures and moving ahead to optimize production and logistics locations. We expect the impact for this fiscal year to be around 3.5 million dollars—around 500 million yen. But inflation in the US is rising, and demand is declining. Further, raw material costs have been rising since the start of the third quarter, so as things currently stand, MACtac Americas continues to face a difficult situation.

Q. You issued a press release about liquidating a Malaysian consolidated subsidiary in the MLCC

(multi-layer ceramic capacitor)-related business. Given the competitive market environment, do you believe you will maintain your current competitive advantages in the high-end segment?

A. As you know, the business of MLCC-related tapes in the ASEAN region is dominated by the mid- to low-end market. Even so, despite the harsh business environment, the Malaysian subsidiary has worked to grow its business. However, competition with overseas manufacturers in the mid- and low-end markets in recent years has intensified, and in response we chose to liquidate the Malaysian subsidiary. Nevertheless, we have always moved faster than other companies in enhancing product appeal in the high-end segment. So, this should have no impact on our standing. We plan to continue expanding our business vigorously in this segment.

Q. For Electronic and Optical Products, if we simply subtract the first-half results from the full-year forecast, net sales would be 47,700 million yen and operating income would be 7,300 million yen in the second half. That means the profit margin will be significantly lower in the second half than in the first half. What trends do you see in terms of the sales mix, fuel and raw material costs, and fixed costs? Is this apparent discrepancy simply because you have not revised the forecasts? Additionally, net sales are expected to be higher in the second half than in the first half. Can you discuss the growth rates for mainstay products—specifically, semiconductor-related adhesive tape, semiconductor-related devices, MLCC-related tape, and OCA (optically clear adhesive) sheets?

A. In the second half, as explained in my presentation, we expect lower earnings from MACtac Americas and Madico than originally forecast. But we believe sales of semiconductor-related adhesive tape, semiconductor-related devices, and multi-layer ceramic capacitor-related tape will be higher than in the first half. However, some adjustments have occurred between business units and segments, and we have not revised the figure of 24,000 million yen for total operating income. In addition, although our OCA sales are mainly for automobiles, we're currently working to expand sales for other applications. So we expect OCA sales to increase if we can win orders for such applications.

Q. In the past year or two, my impression has been that you have made progress with restructuring—for example, the impairment losses at Optical Products Operations overseas subsidiaries and in Fine & Specialty Paper Products Operations and the dissolution and liquidation of the subsidiary in Malaysia that handled MLCC-related tape. Are there any other areas where you see room for restructuring?

A. As you know, we're currently proceeding with restructuring intermittently yet vigorously, and in accordance with a planning policy based on the Medium-term Business Plan and the long-term vision, on which it rests. We plan to maintain our comprehensive assessment of the future growth potential, market competitiveness, and profitability of each business and take whatever measures we deem necessary. In this way, as stated in our long-term vision and the Medium-term Business Plan, we plan to optimize our business portfolio. We will announce the specific details and impacts as soon as it is possible for us to do so.

Q. With regard to pellicles for EUV lithography machines, can you give an update on their development status and when you plan to begin selling them? Has development encountered any bottlenecks?

A. As previously announced, we're working to establish a system for the mass production of pellicles for EUV lithography machines by the end of March 2026. Right now, things are proceeding more or less on schedule. In addition, no particular issues have emerged other than those we had expected, and we are continuing to make every effort to establish the mass production system as rapidly as possible. We've also been providing customers with samples of pellicles for EUV lithography machines, and these have been well received. We have a rough plan for when sales will begin, but, before that, we're seeking to establish a stable supply structure by the end of the fiscal year ending March 2026. We will announce the timetable for the start of sales as soon as the plan is finalized.