

Building a robust corporate structure that enables growth even in a difficult business environment.

We strive to accelerate our initiatives for realizing our long-term vision "LSV 2030."



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Message from the President

Looking back on FY2022, the second year of the Medium-term Business Plan

In April 2021, the LINTEC Group launched its medium-term business plan "LSV 2030 - Stage 1," covering three years ending in March 2024, as a milestone for the realization of its long-term sustainability vision "LSV 2030," targeting the year 2030. Given the excellent business performance in the first year of LSV 2030, the numerical goal for the final year was achieved ahead of schedule, and we made an upward revision to our management goal. However, the Russian invasion of Ukraine broke out in February 2022, triggering skyrocketing raw material and fuel prices on a global scale, and the high-interest rate policy accelerated in many countries to control inflation. As a result, our business environment deteriorated. Meanwhile, the Japanese economy saw an extremely moderate recovery on the back of poor personal consumption partly due to

rising prices reflecting the weaker yen.

In particular, since early autumn of last year, the electronic and optical products business has been adversely affected by the shrinkage in demand for smartphones and personal computers. Additionally, our U.S. subsidiary, which had performed well, also suffered a major impact from the deceleration of personal consumption on the back of rising interest rates.

Under these circumstances, the consolidated business results for FY2022 observed significant year-on-year decreases in operating income and ordinary income despite record-high net sales partly due to the effect of the acquisition conducted by a U.S. subsidiary and the impact of depreciation of the yen. Recognizing the significance of building a robust corporate structure that enables us to grow and make profits in any business environment, we will continue moving forward positively in a fresh state of mind toward the realization of our long-term vision.

Long-term Vision

LINTEC SUSTAINABILITY VISION 2030 (Abbreviation: LSV 2030)

Basic Policy

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

Key Initiatives

1 Solve social issues

- (1) Environment
 - Help to shape a carbon-free world
 - Reduce CO₂ emissions (reduce by 50% or more by 2030 compared to FY2013)
 - Contribute to achieving a recycling-oriented world
 - Expand recyclable products (build release paper recycling system, etc.)
 - Reduce water consumption and comply with wastewater quality standards
 - Compatibility with the PRTR Act
 - Curb release of volatile organic compounds (VOC) into the atmosphere (zero by 2030)
 - Contribute to biodiversity conservation
- (2) Social
 - Respect human rights
 - Provide proper information disclosure to stakeholders and improve communication
 - Promote work-style reforms
 - Rigorously enforce quality and customer-first principle
- (3) Governance
 - Strengthen corporate governance
 - Further increase effectiveness of the Board of Directors
 - Appropriate information disclosure and ensure transparency
 - Constructive dialogue with shareholders and investors
- (4) SDGs^{*1}
 - Ensure that business activities help to achieve the Sustainable Development Goals

2 Foster innovation to build a robust corporate structure

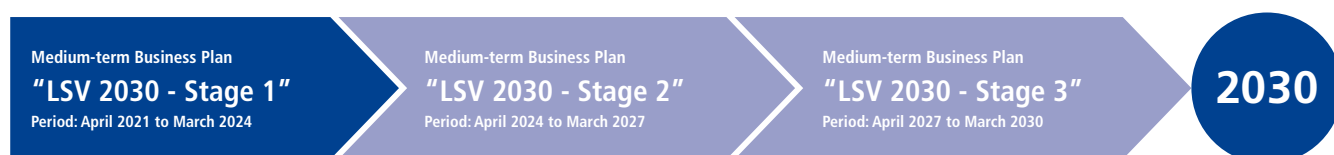
- (1) Transform business processes including design, development, manufacturing, and logistics through digital transformation (DX)^{*2}
- (2) Install new production equipment through scrap and build with the aim of conserving energy, raising quality, increasing efficiency, and reducing labor
- (3) Strengthen cost competitiveness with innovation in production processes
- (4) Reform the structure of low-growth and unprofitable businesses and soundly manage Group companies
- (5) Maintain a solid financial base and improve capital efficiency

3 Create new products and businesses to deliver sustainable growth

- (1) Create new products and businesses driven by technological innovation
- (2) Expand strategic investment and flexibly conduct mergers and acquisitions (M&A)
- (3) Move aggressively to win a greater presence in the global market
- (4) Establish localization

Financial indicators for the fiscal year ending March 31, 2030

- Operating profit margin **12% or more**
- ROE (Return on Equity) **10% or more**



Promoting digital transformation (DX) all at once for business process reform

We will proactively push DX as a measure to promote one of our key initiatives: "Foster innovation to build a robust corporate structure." First, it is necessary to internally disseminate basic knowledge on DX while introducing and making the most of various tools. Bearing this in mind, we will make company-wide efforts to work on business process reforms with a sense of speed. Given the importance of advancing all at once, we launched the digital promotion project "LDX 2030" in FY2022.

First, it is critical to implement educational programs to accumulate knowledge about DX, and employees with this specialized knowledge must then become leaders and deploy it throughout the company. DX also includes the effective use of artificial intelligence (AI). At the Research & Development Division,

^{*1} SDGs: Stands for Sustainable Development Goals, which are international goals for achieving a better world by 2030.

Forecasts of consolidated business results for the fiscal year ending March 31, 2024 (year over year change)

Net sales	290 billion yen (up 1.9%)
Operating income	13.5 billion yen (down 2.1%)
Ordinary income	13.5 billion yen (down 13.5%)
Profit attributable to owners of parent	9.5 billion yen (down 17.5%)

^{*2} Digital transformation (DX): Means to transform services and business models, as well as business contents and processes, organizations, and corporate culture, and establish a competitive advantage based on customer and social needs by leveraging data and digital technologies so as to adapt to changes in the business environment.

Message from the President

we have begun efforts to develop human resources who are well versed in AI, to efficiently draw conclusions from the vast amount of data that has been accumulated, and to increase the speed of development. We believe that this initiative is extremely effective from the viewpoint of creating new added value.

In the past, when business continued to record steady growth, we focused on how the human resources matching such growth should be secured, allocated and assigned. However, under the current severe business environment, the key to growth lies in the creation of a business environment where human resources can maximize their potential. Technologies will be proactively introduced to areas in which operations can be automated by digitalization and robotics, with employees demonstrating their capabilities in areas where systems and robots cannot be used. In order to accelerate the strengthening of our corporate structure, we will swiftly and steadily promote DX.

Efforts to realize a carbon-neutral and recycling-oriented society

Recognizing that climate change has various kinds of impacts on our business activities, we consider this issue to be one of our material management challenges. Toward achievement of the goal of reducing CO₂ emissions by 50% or more compared to FY2013 levels by 2030, we will introduce non-solvent type production facilities, exhaust heat recovery boilers, cogeneration facilities, solar power generation facilities, etc. mainly by the Production Division as early as possible and ahead of schedule. Since FY2022, we have been positively working to improve information disclosure in line with the TCFD (Task Force on Climate-related Financial Disclosures) recommendations. We are also directing great efforts into the development, production and sale of environmentally conscious products with an eye toward a recycling-oriented society. For example, in the midst of the plastic-free trend, we are implementing various initiatives such as proposing "PLALESS PAPER CoC," our new water-resistant printing paper made by employing our specialty paper-making technologies, as an alternative plastic, which has been adopted by customers; and replacing the constituent materials of adhesive films with recycled plastic films and biomass adhesives.

In particular, from the perspective of promoting the recycling and reuse of objects to which labels are affixed, we have developed and proposed various products for more than 20 years based on the following two concepts: 1) Labelstocks that are recyclable without being separated from plastic molded items; and 2) Labelstocks that can be completely peeled off from containers, etc. In the previous fiscal year, we developed polyester-based adhesives made from the same material as PET containers, and launched them together with

films made from the same material as "Mono-material" labelstock. This product is attracting attention as an item that contributes to promoting the recycling of PET bottles. In addition to developing and proposing various eco-friendly products, we have also started full-scale efforts to build a recycling system for labels and release paper.

We participated in Japan-Earth Conscious Labelling (J-ECOL), which was established in June 2023 mainly by affiliated companies, focusing on the recycling of used release paper and dissemination and promotion thereof, support for the establishment of recycling technologies, and visualization and information transmission regarding the status of recycling. There is a limit to what a single company can do, so we believe it will be necessary for the entire industry to work together to build social infrastructure.

■ LINTEC Group's CO₂ emissions reduction target

Medium-term target (compared to FY2013)	Reduce CO ₂ emissions by 50% or more by 2030
Long-term target	Achieve "Carbon Neutrality" by 2050

Management that values employees as stakeholders

Our most valuable assets are all of our employees. Under the key initiatives listed in the long-term vision, we are promoting specific measures by setting KPI* for each theme such as occupational safety and health, diversity and work-style reforms. We have also revised the Employment Regulations by newly introducing the retirement-at-65 system, reemployment of those aged 65 to 70 for those who wish to continue to work, and other systems.

What I have always emphasized across the company is to create an open and free environment in the workplace. The corporate culture that values a family-like atmosphere has remained unchanged to date since I joined the Company. While both the number of employees and the organizations have expanded, we will continue to place high value on people-to-people connections and an atmosphere of frank communication. During the COVID-19 pandemic that lasted for three and a half years, we introduced teleworking and work-at-home systems. However, I don't think that our communications within the organizations were sufficient. Following the reclassification of COVID-19 to Class 5 in May 2023, people began to gather at offices and talk face-to-face, and I hear some people say they are happy to be back to this type of normal daily life. I understand that direct, face-to-face communication cannot be entirely replaced no matter how far systems have advanced. It is true, however, that remote working and work at

* Key performance indicator (KPI): KPI are important indicators related to organizational strategies, and quantitatively measure progress toward targets.



home also have advantages, and I do not see the necessity to make all employees commute to the office like we used to. Also, from the viewpoint of work-style reform, I believe we will be able to manage a hybrid-type work-style by making good use of the advantages of working at offices and remote working.

We also conducted an employee satisfaction survey, and the results are under examination. The leading role of a company is played by its employees. Therefore, we connect one measure to another while respecting each employee's way of thinking. Furthermore, by promoting DX, we will enhance the environment where people can demonstrate their unique abilities. We will develop human resources who can act with innovative ideas regardless of occupation and job class.

Status of progress on sustainability promotion activities

Toward the realization of the long-term vision, we will continue to strengthen the sustainability promotion system. We invited all Outside Directors as members of the Sustainability Committee (consisting of directors and executive officers), which was established in April 2021. I believe that the Committee has helped promote sustainability that enhances governance effectiveness by adopting opinions and recommendations frankly expressed from objective viewpoints based on each person's knowledge and experience concerning the appropriateness of how we position ourselves presently and the direction in which we are heading. In addition, we are working to reinforce the Sustainability Management Office, and are strengthening our system in terms of practical operations.

Considering the changes in various environments surrounding the LINTEC Group, we will promote sustainability management by reviewing materiality and indicators to further clarify our challenges, conducting risk analyses, and steadily implementing PDCA cycles through committee activities.

Toward the realization of "LSV 2030"

For the current fiscal year, it is expected that the business performance of the LINTEC Group will be significantly affected by chronically high raw material and fuel prices and sluggish demand for semiconductors and electronic component-related products. I believe that our capability of breaking down barriers with group-wide concerted efforts has been firmly cultivated even in this severe business environment. I am confident that each and every employee will steadily engage in and carry out our thoughts, purposes and procedures that are integrated into the long-term vision if such matters are allocated to their duties. In order to internally instill and firmly establish each key initiative listed in the long-term vision and our thoughts integrated therein, we will continue to use various opportunities and the media to deepen our employees' understanding of them. None of our efforts to achieve our long-term vision will be relaxed. Rather, I sometimes give instructions in many situations to advance a plan ahead of schedule, and sometimes make course corrections and start new measures, even if it is in the middle of the fiscal year. Furthermore, we will not just leave the key themes of our long-term vision unchanged until 2030, but will also consider changing them flexibly in line with changes in the business environment.

The LINTEC Group provides a wide variety of products, ranging from familiar goods such as labelstocks and color envelope paper to products used for construction, automobiles and electronics, by developing and integrating four core technologies consisting of adhesive applications, surface improvement, specialty papers and release materials production and system development. We are proud that values in daily life such as pleasure, comfort and convenience are provided through these technologies. Going forward, we will continue to contribute to the realization of a sustainability world by proposing and providing new products through our manufacturing business, and we would like to ask for strong support from all stakeholders.