

News Release

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## Efforts to achieve management that accounts for capital costs and share price

In its meeting held today, the Board of Directors of LINTEC Corporation decided on measures to achieve management that accounts for matters such as capital costs and share price, as described below.

### Details

#### 1. Analysis of current conditions

In April 2021, the LINTEC Group launched a series of three-year medium-term business plans as steps to achieve LINTEC SUSTAINABILITY VISION 2030 (LSV 2030), the long-term vision for the period through the fiscal year ending March 2030.

The first medium-term business plan, LSV 2030 - Stage 1, targeted a ratio of operating profit to net sales and ROE of 8% or higher. In the plan's first fiscal year, the year ended March 2022, both operating profit to net sales and ROE exceeded the 8% target; in a reversal, performance since the second year of the plan was strongly affected by various factors, including high raw material and fuel costs and a sharp decline in orders received, as the markets for Electronic and Optical Products and other products slumped. As a result, in the year ended March 2023, operating profit to net sales and ROE both fell to roughly 5%. In the plan's final fiscal year, which ends March 31, 2024, we expect challenging earnings conditions to continue due to the effects of factors including high raw material and fuel prices and operational losses.

As shown in the table below, while our ROE is trending above the weighted average cost of capital (WACC), our price-to-book-value (P/B) ratio remains below one.

<Trends in results during the period of the LSV 2030 - Stage 1 medium-term business plan>

	FY ended March 2022	FY ended March 2023	FY ended March 2024 (projected)
Net sales (million yen)	256,836	284,603	275,000
Operating income (million yen)	21,584	13,796	9,000
Profit attributable to owners of parent (million yen)	16,641	11,512	5,500
Return on equity (ROE) (%)	8.2	5.3	-
Weighted average cost of capital (WACC)* (%)	5.2	5.2	-
Price-to-book-value (P/B) ratio	0.81	0.65	-

\* Weighted average cost of capital calculated by the Company using the capital-asset pricing model (CAPM)

## 2. Measures to realize management that accounts for capital costs and share price

### <Policy>

We will implement various measures to maintain a constant P/B of above one, with the goal of achieving the following management targets in the final fiscal year of the new medium-term business plan LSV 2030 - Stage 2, to begin in April 2024.

<Management targets for final fiscal year of LSV 2030 - Stage 2>

- Operating profit to net sales: 8% or higher
- Return on equity (ROE): 8% or higher

### <Main initiatives>

- (I) Priority themes of the long-term vision LSV 2030:
  1. Solve social issues
  2. Foster innovation to build a robust corporate structure
  3. Create new products and businesses to deliver sustainable growth
  
- (II) Key measures of LSV 2030 - Stage 2, the new medium-term business plan
  - (1) Strengthening the functions of the Sustainability Committee; enhancing ESG and reducing CO2 emissions ahead of schedule
  - (2) Ensuring achievement of the management targets for the final fiscal year
    - Raising the profitability of existing businesses through quality, cost, and delivery time (QCD) improvements
    - Comprehensive structural reforms and business portfolio optimization
    - Swiftly launching new products and businesses
    - Carrying out digital transformation (DX) reforms in development, manufacturing, logistics, business processes, and other areas
    - Raising asset efficiency through improved turnover of accounts receivable, inventories, and fixed assets
  - (3) Returns to shareholders and cash allocation
    - Paying dividends targeting a payout ratio of 40% or higher or a DOE ratio of 3%, in principle without reducing dividends, through the year ending March 2027
    - Dynamic purchase of treasury stock
    - Effective investments into production equipment, R&D, and other aspects to strengthen financial foundations and strengthen future corporate value
  - (4) Promoting proactive shareholder dialogue and IR activities
    - Sharing opinions and advice with the management team and ensuring the effective use of such in management through means including constructive dialogue with shareholders and investors and the shareholder bulletin, *Wave*
    - Enhancing IR activities for individual and institutional investors
    - Enhancing the IR section of the LINTEC website and integrated report