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Notice Concerning the Shutdown of One Paper Machine Due to the Restructuring of the Fine & Specialty Paper Products Operations

LINTEC Corporation (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to shut down one paper machine currently in operation at the Company’s Kumagaya Plant due to the restructuring of its Fine & Specialty Paper Products Operations. The details are as follows.

1. Background and reason

As announced in the “Notice Concerning Recording of Extraordinary Loss (Impairment Loss) and Revisions to Full-Year Consolidated Financial Results Forecasts” dated April 22, 2025, the business environment surrounding Fine & Specialty Paper Products Operations remains extremely challenging due to sluggish orders, especially for paper for envelopes, the Company’s mainstay, and in addition, the continuing rise in raw material prices such as pulp and chemicals, and cost of logistics.

In light of this business environment, the Company has examined the future recoverability of Fine & Specialty Paper Products Operations and recorded an impairment loss of approximately 7.7 billion yen on non-current assets as an extraordinary loss in the fourth quarter of the fiscal year ended March 31, 2025.

Following this, upon consideration of factors such as the product lines of the Company’s paper machines and the overall balance between production capacity and order volume, the Company has decided to shut down one paper machine at the Kumagaya Plant, one of the Company’s five paper machines operated at the Kumagaya Plant (Saitama Prefecture) and the Mishima Plant (Ehime Prefecture), as part of restructuring efforts to improve the future profitability of the Fine & Specialty Paper Products Operations.

Furthermore, the Company will continue to manufacture the product lines of the paper machine in question by reallocating them to the four remaining paper machines at the Kumagaya and Mishima Plants. The Company will also retain the employees involved with the equipment within the current plant locations, while working to restructure the production system and enhance both production and asset efficiency, with the aim of improving the future profitability of the Fine & Specialty Paper Products Operations.

2. Summary of the paper machine to be shut down

Paper machine : Kumagaya Plant, No.1 Fourdrinier Paper Machine (Commonly known as K-1 M/C)
Paper width : Max. 2,600 mm
Production capacity : Max. 80 tons/day
Product lines : Color papers, Fancy papers, Base papers for converting, Other speciality papers, etc.

3. Schedule of the machine shutdown

Machine shutdown : End of March 2026 (planned)

4. Impact on the operating performance for the current fiscal year

The impact of this decision on our consolidated financial results is minimal. The Company will promptly make an announcement if any matters that require disclosure become known in the future.