

RIKEN TECHNOS CORPORATION

Financial and Management Results
Briefing for Second Quarter of Fiscal Year
Ending March 2024

November 15, 2023



RIKEN TECHNOS



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1. Overview of Financial Results

1. Overview of Financial Results

2. Segment Overview

3. Medium- and Long- Term Initiatives

Summary of Consolidated Financial Results for the First Half of the Year Ending March 2024

1. Overview of financial results

(Unit: million yen)

	Actual results for the first half of the year ended March 2023	Actual results for the first half of the year ending March 2024	Year on Year (YoY) change	YoY percentage change	Forecasts for the first half of the year ending March 2024
Net sales	59,527	61,397	1,870	3.1%	61,000
Gross profit	9,870	10,076	206	2.1%	-
Operating profit	3,498	3,621	123	3.5%	2,900
Ordinary profit	4,040	4,202	162	4.0%	3,000
Profit attributable to owners of parent	2,377	2,507	130	5.4%	1,700
Basic earnings per share	37.64	39.62	1.98	5.3%	26.87
ROS(%)	5.9	5.9	0.0	-	4.8

Naphtha price in the first half of the year ending March 2024: 65,550 yen/KL; average exchange rate: 135.99 yen/USD

- Revenue and profit increased due to measures to pass on raw material price hikes to product prices and the effects of yen depreciation.
- Net sales and all profit measures of the first half of fiscal year set all-time highs.

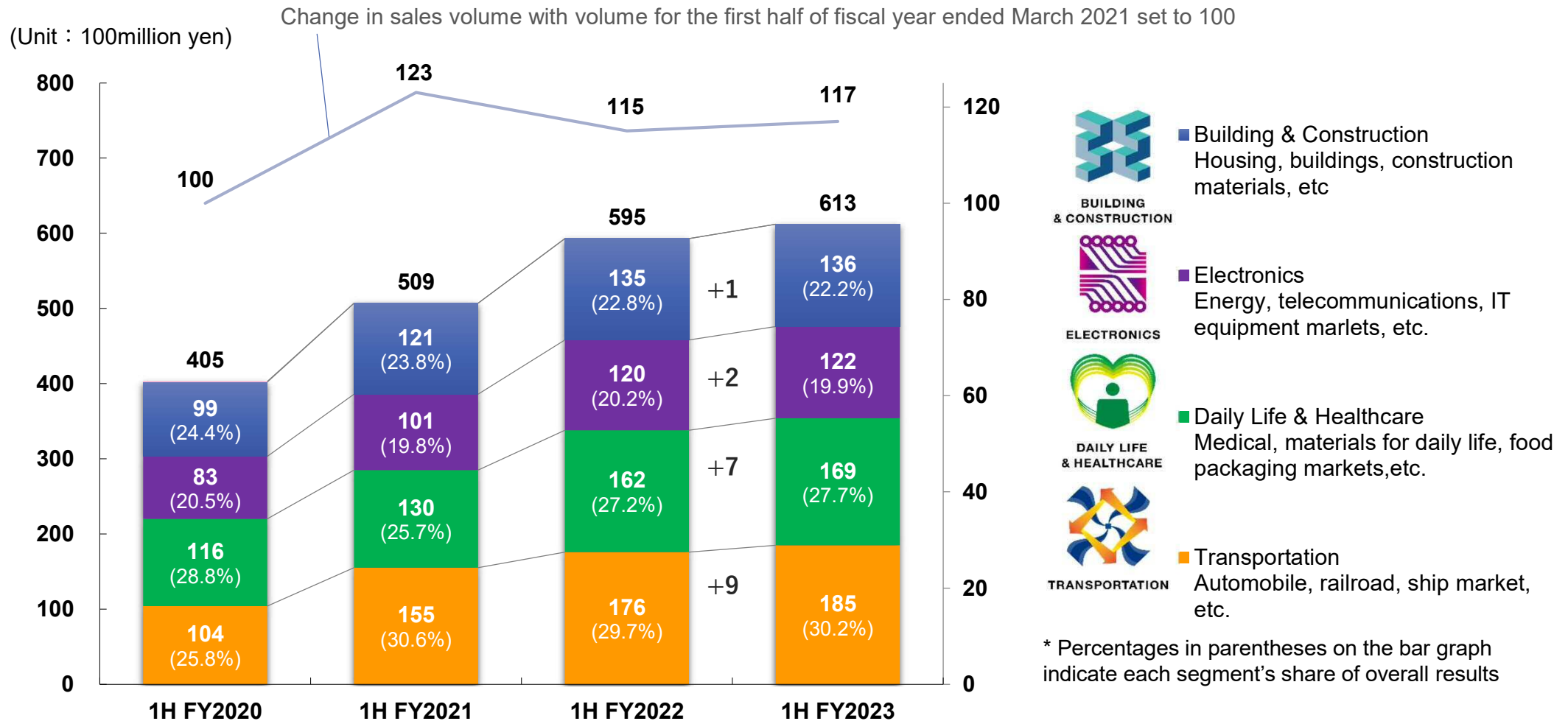
Net Sales by Segment

| 1. Overview of financial results

Net sales for the first half of the year ending March 2024

61.3 billion yen

1.8 billion yen increase from the same term of previous year
(3.1% increase)



Net Sales by Region

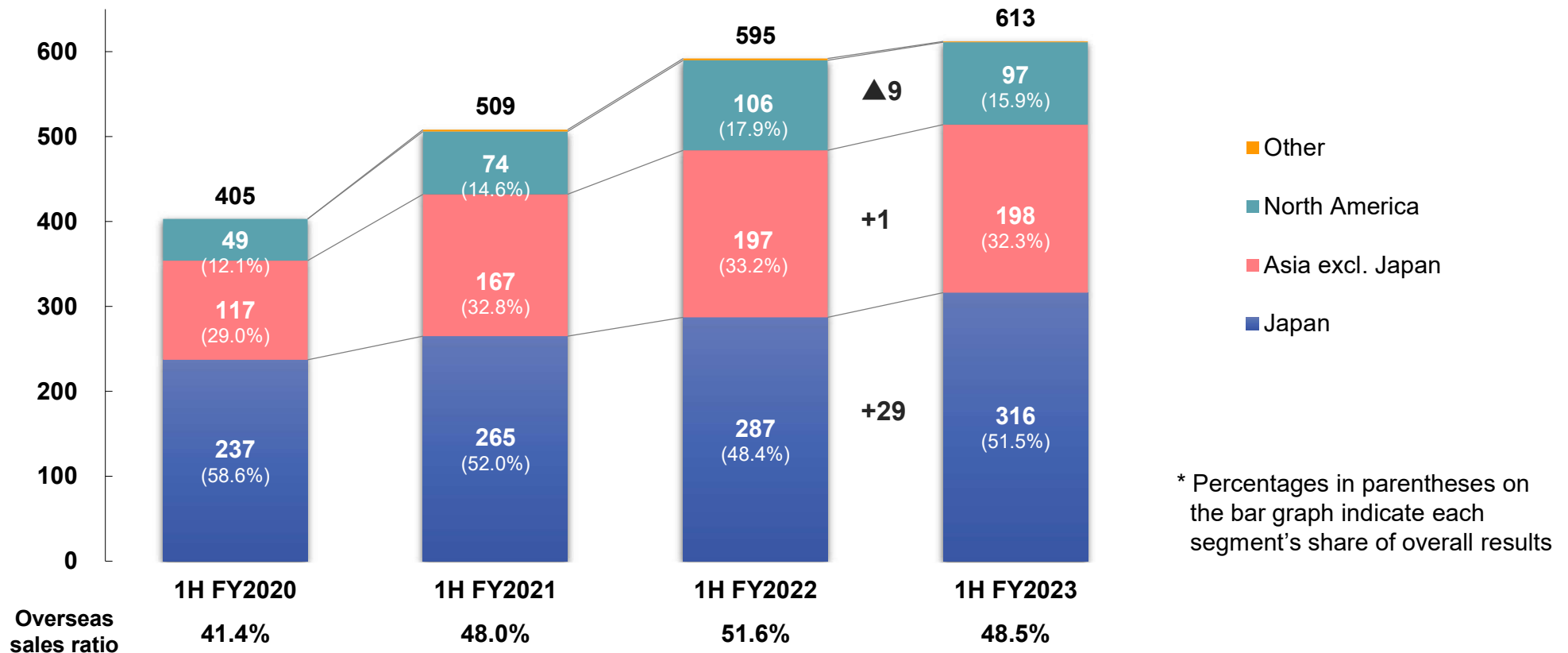
| 1. Overview of financial results

Net sales for the first half of the
year ending March 2024

61.3 billion yen

1.8 billion yen increase from the same term of previous year
(3.1% increase)

(Unit : 100 million yen)

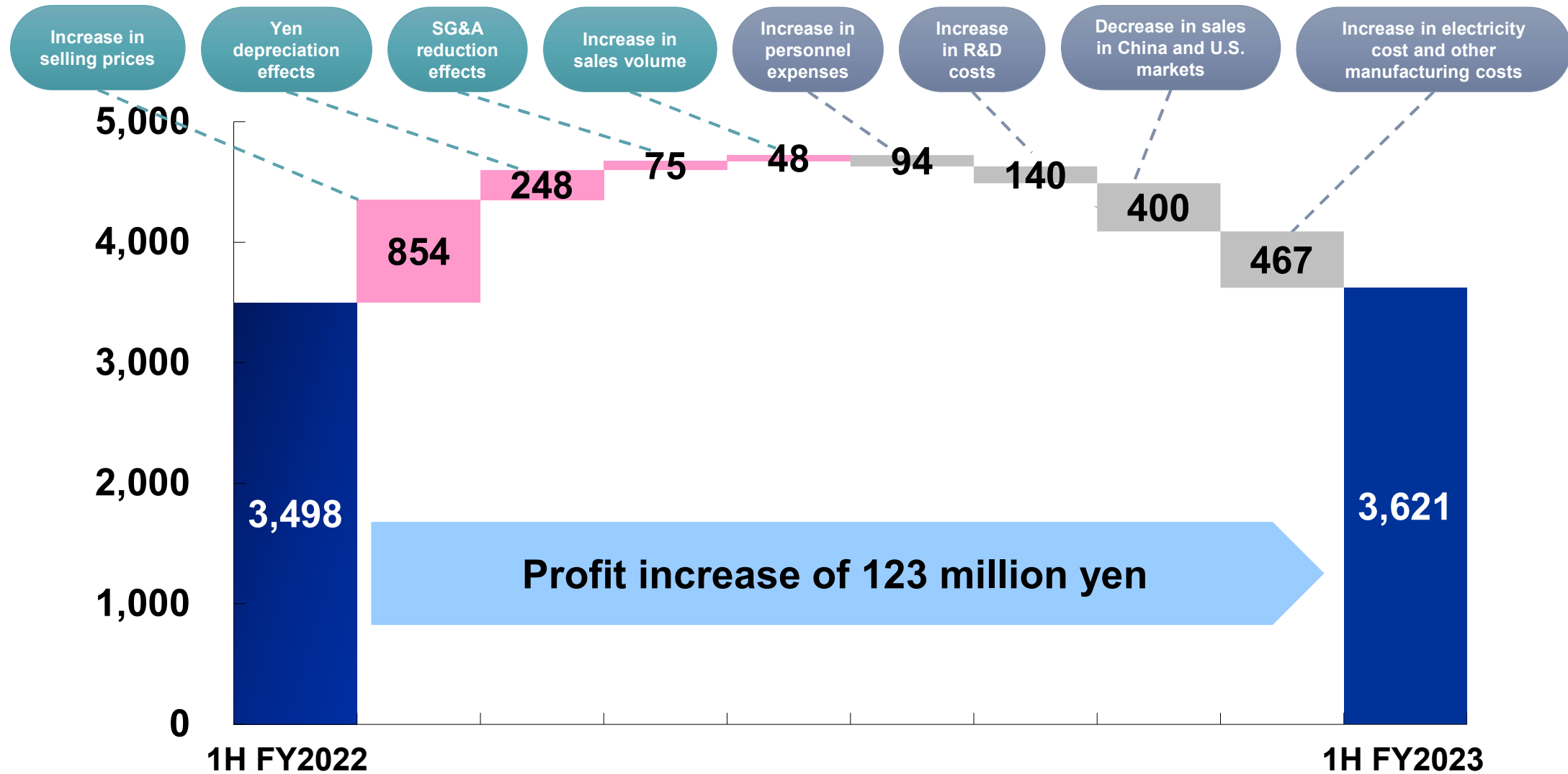


➤ Overseas sales ratio was 48.5% due to increase in domestic sales

Analysis of Factors Underlying YoY Change in Operating Profit

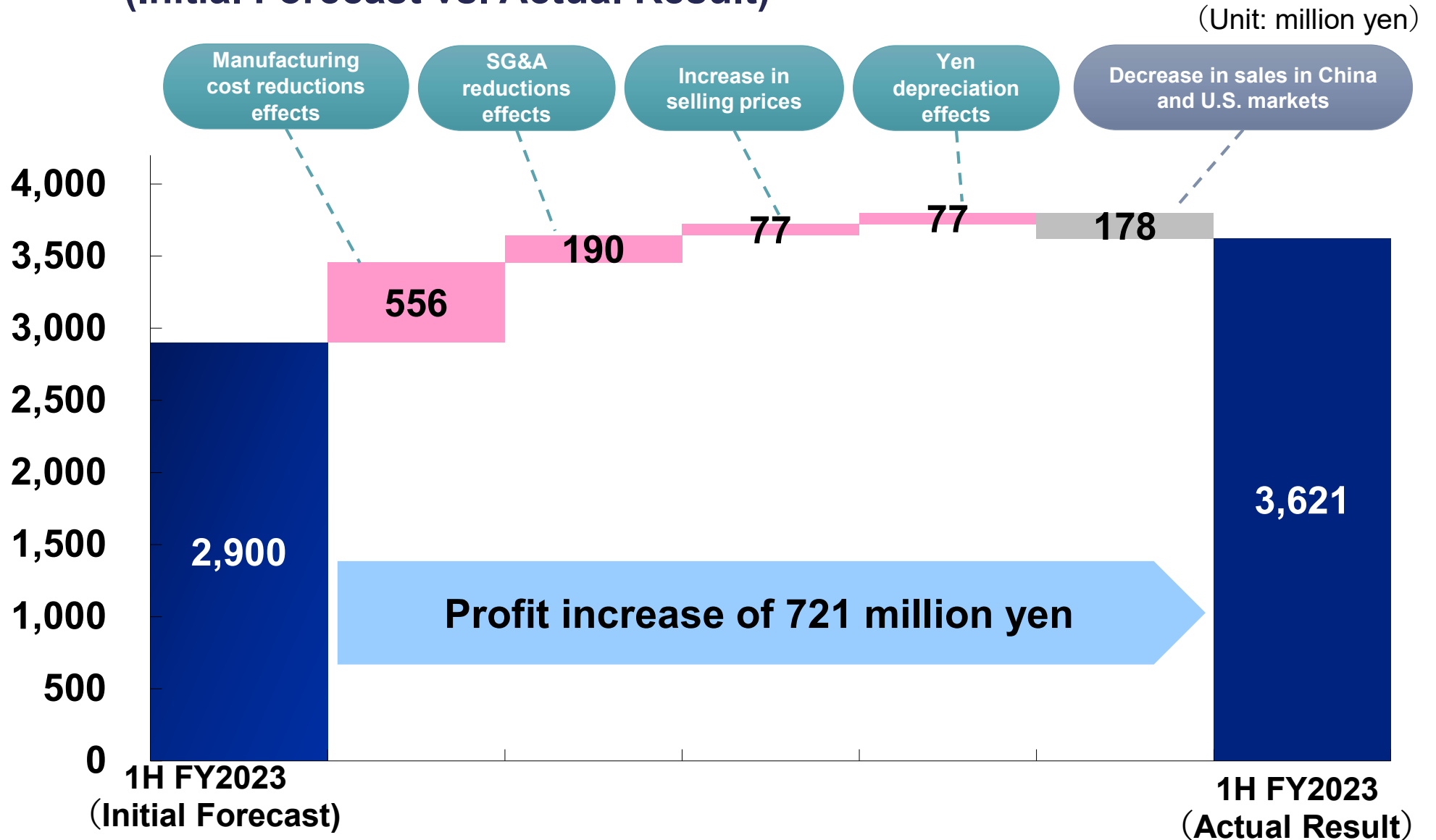
| 1. Overview of financial results

(Unit: million yen)



Analysis of Factors Underlying Change in Operating Profit for the First Half of the Year Ending March 2024 (Initial Forecast vs. Actual Result)

| 1. Overview of financial results



Consolidated Balance Sheet

| 1. Overview of financial results

(Unit: million yen)

	March 31, 2023	September 30, 2023	Increase/ Decrease		March 31, 2023	September 30, 2023	Increase/ Decrease
Current assets	71,667	73,767	2,100	Liabilities	39,837	40,816	979
Cash and deposits	23,481	22,497	▲ 984	Current liabilities	33,876	34,437	561
Trade receivables	28,495	30,928	2,433	Non-currents liabilities	5,961	6,378	417
Inventories	18,734	19,395	661	Net assets	72,165	76,419	4,254
Other	956	946	▲ 10	Share capital	8,514	8,514	-
Non-current assets	40,334	43,469	3,135	Capital surplus	6,597	6,597	-
Property, plant, and equipment	27,077	28,833	1,756	Retained earnings	41,463	42,931	1,468
Intangible assets	2,286	2,314	28	Other	6,621	8,911	2,290
Investments and other assets	10,970	12,321	1,351	Non-controlling interests	8,969	9,465	496
Total assets	112,002	117,236	5,234	Total liabilities and net assets	112,002	117,236	5,234

- Dividends increased using cash and deposits
- Increase in trade receivables, inventories, and trade payables due to higher raw material prices
- Interest-bearing debt: 10,883 million yen

Consolidated Statement of Cash Flows

| 1. Overview of financial results

(Unit: million yen)

	First half of the year ended March 2023	First half of the year ending March 2024	Increase/Decrease
a.Cash flows from operating activities	4,491	3,099	▲ 1,392
b.Cash flows from investing activities	▲ 1,685	▲ 2,435	▲ 750
Purchase of property, plant, and equipment	▲ 1,663	▲ 2,372	▲ 709
Purchase of intangible assets	▲ 83	▲ 105	▲ 22
Other	60	42	▲ 18
c.Free cash flow (a + b)	2,805	663	▲ 2,142
d.Cash flows from financing activities	▲ 712	▲ 2,114	▲ 1,402
e.Other	780	465	▲ 315
Net increase/decrease in cash and cash equivalents (c + d + e)	2,873	▲ 984	▲ 3,857
Cash and cash equivalents at end of period	23,551	22,470	▲ 1,081

➤ Increase in capital investment and dividends

Consolidated Earnings Forecast for the Year Ending March 2024

1. Overview of financial results

(Unit: million yen)

	Actual results for year ended March 2023	Initial earnings forecasts for year ending March 2024	Revised earnings forecast for year ending March 2024	Compared to previous forecast		Compared to previous year	
				Difference	Growth rate	Difference	Growth rate
Net sales	123,497	128,000	128,000	-	0.0%	4,503	3.6%
Operating profit	7,506	7,600	8,400	800	10.5%	894	11.9%
Ordinary profit	7,964	7,800	9,000	1,200	15.4%	1,036	13.0%
Profit attributable to owners of parent	4,557	4,500	5,200	700	15.6%	643	14.1%
Basic earnings per share (yen)	72.11	71.14	82.14	11.00	15.5%	10.03	13.9%
ROS (%)	6.1	5.9	6.6	0.7	-	0.5	-
ROE (%)	7.5	7.0	7.9	0.9	-	0.4	-

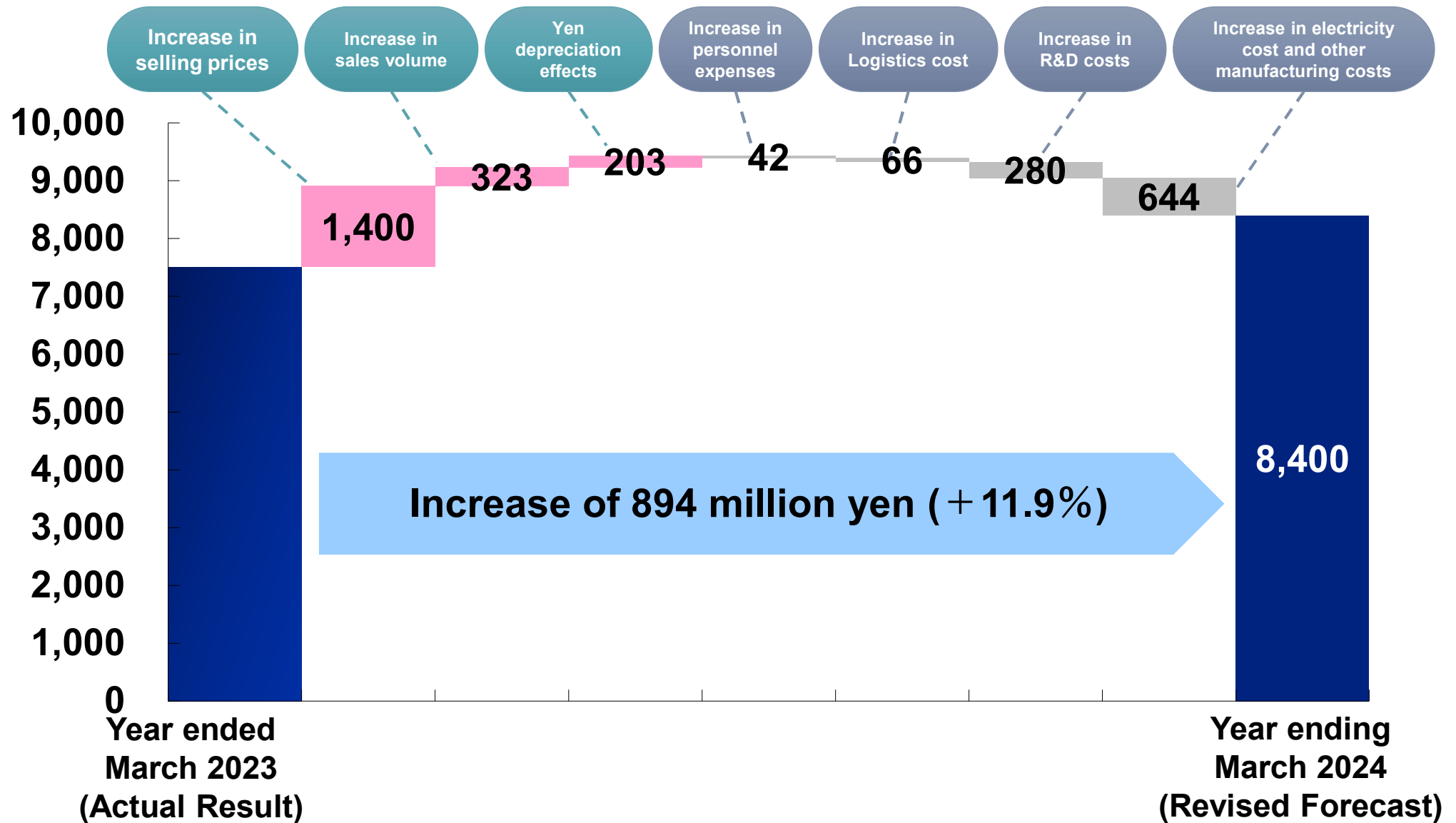
Projected domestic naphtha price: 72,700 yen/KL; projected exchange rate: 137.68 yen/USD

➤ Each level of incomes exceed initial forecasts and reach record highs

Analysis of Factors Underlying Change in Operating Profit for Year Ending March 2023 (Forecast)

1. Overview of financial results

(Unit: million yen)





2. Segment Overview

1. Overview of
Financial Results

2. Segment Overview

3. Medium- and Long-
Term Initiatives

Transportation



Wire Harnesses



**Molded Parts for
Automobiles**

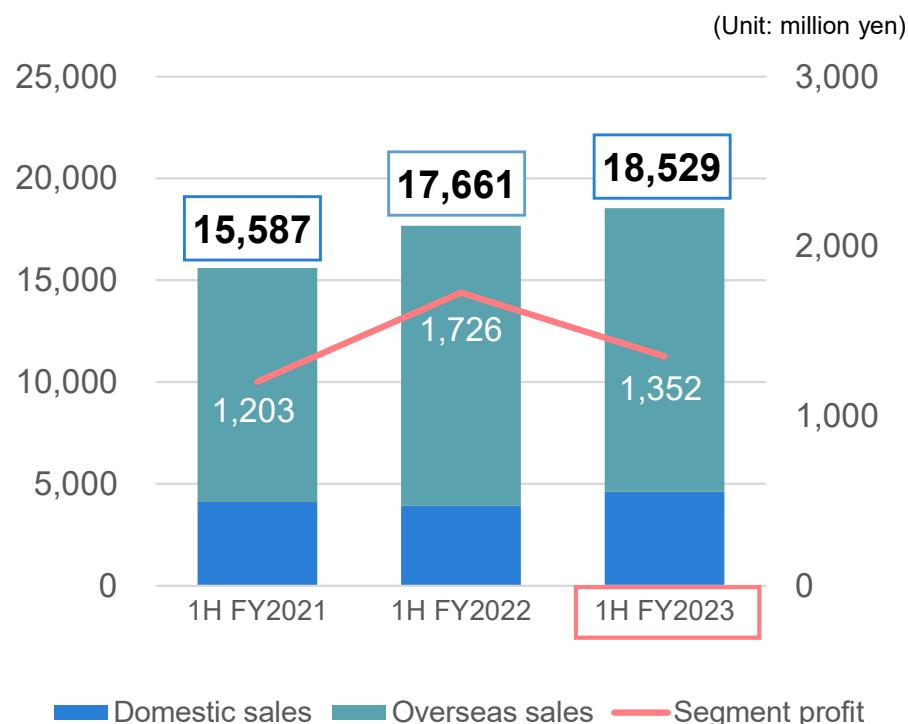
Transportation



2. Segment overview

Actual results for the first half of the year ending March 2024

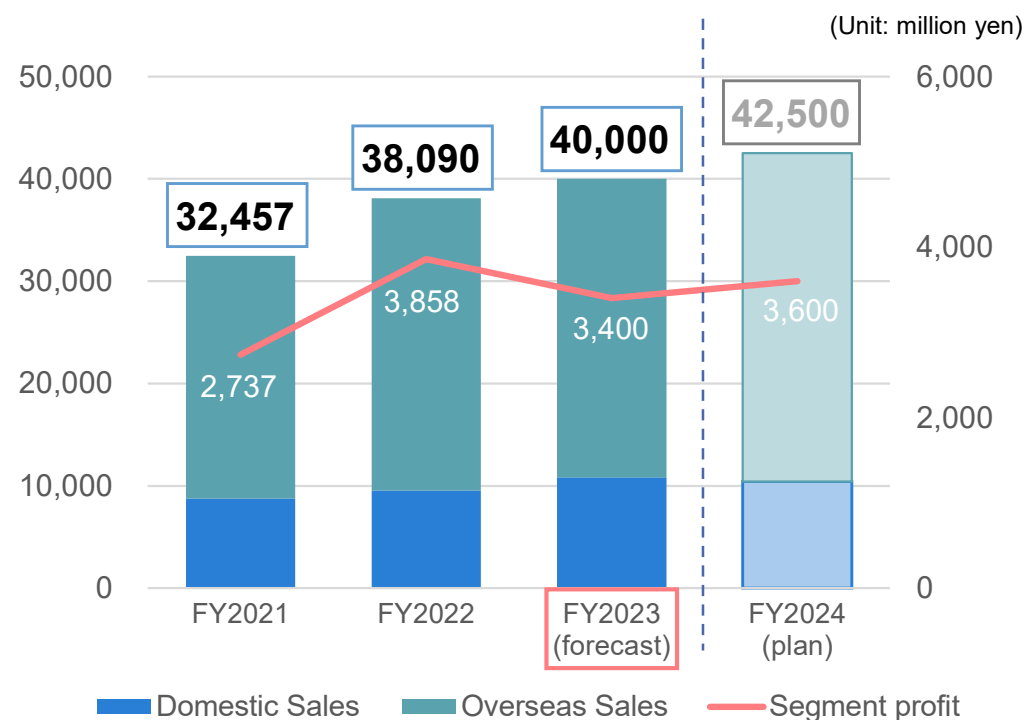
868 million yen revenue increase (+4.9%)
374 million yen profit decrease (△21.7%)



- Domestic sales increased due to recovery in the automobile market and increased sales of elastomer compounds.
- Overseas sales decreased due to the downturn in production of Japanese auto manufacturers in China market.
- Segment profits decreased due to overseas sales declined due to the downturn in Japanese automotive production in China market, and increased costs in North America.

Forecast for the fiscal year ending March 2024

1,910 million yen revenue increase (+5.0%)
458 million yen profit decrease (△11.8%)

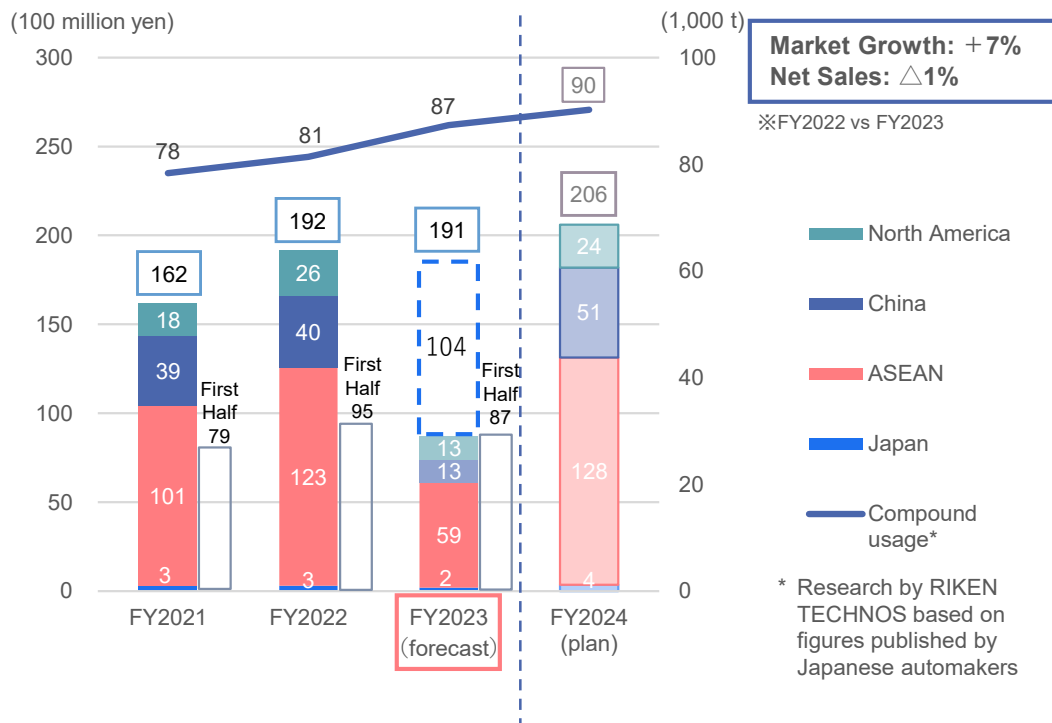


- Domestic sales increase due to recovery in the automotive market and sales of elastomer compounds increase .
- Overseas sales increase for the full year due to recovery of production of Japanese auto manufacturers in the second half of the year, despite the impact of downturn in production of Japanese auto manufacturers in China market in the first half year.
- Segment profits decrease for the full year due to the result of first half.



Focus Area ① Wire Harnesses

Regional compound use by Japanese wire harness manufacturers and our sales of compounds for wire harnesses



Actual results for the first half of the year ending March 2024

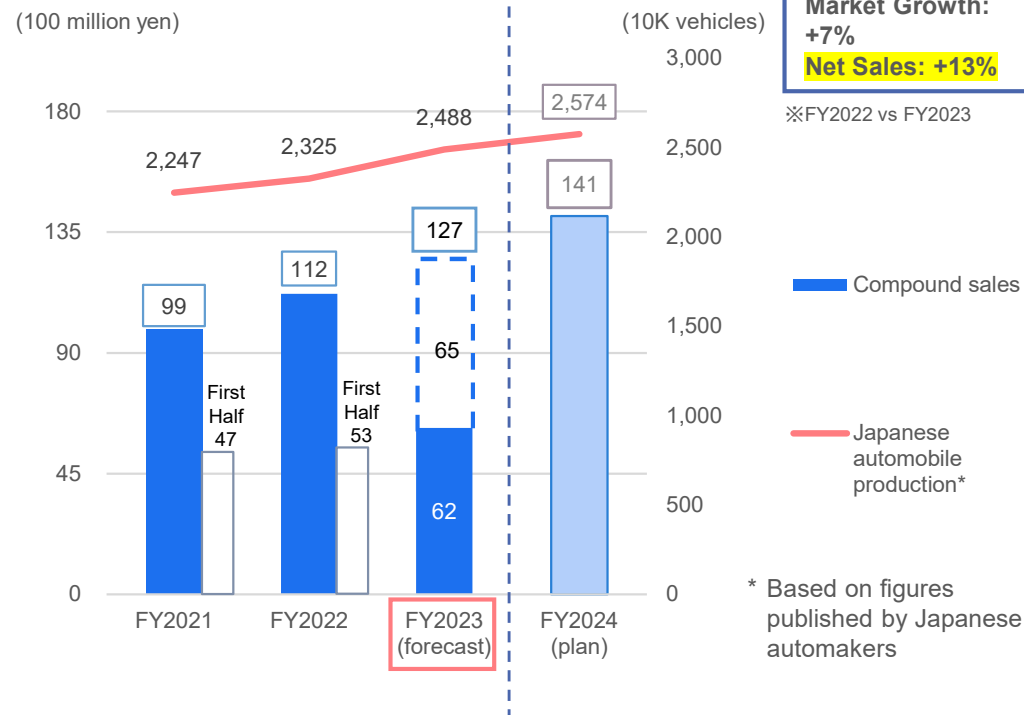
- Sales decreased due to lower selling prices accompanying falling raw material prices.
- Wire harness compounds for non-Japanese companies has started in China and ASEAN.

Measures for the second half of the year ending March 2024

- Capture market growth in response to recovery of production of Japanese auto manufactures.
- Boost sales of wire harness compounds for non-Japanese companies in China and ASEAN.

Focus Area ② Molded Parts for Automobiles

Japanese automobile production and sales of compounds for automotive molded parts



Actual results for the first half of the year ending March 2024

- Started selling to major Japanese sealing parts manufacturers in Japan, ASEAN, China, India, etc.
- Expanded sales of materials for functional parts implemented by customers in Japan to overseas.
- Progressed on evaluating and securing new deals for functional parts (parts and materials for exterior INJ and EVs).

Measures for the second half of the year ending March 2024

- Boost sales of materials for molding and sealing (expanding adoption by major Japanese customers and pursuing overseas development).
- Boost sales of functional materials and pursue overseas development; promote material conversion and rubber substitution.

Daily Life & Healthcare



Medical (PVC)



Rubber Substitutes

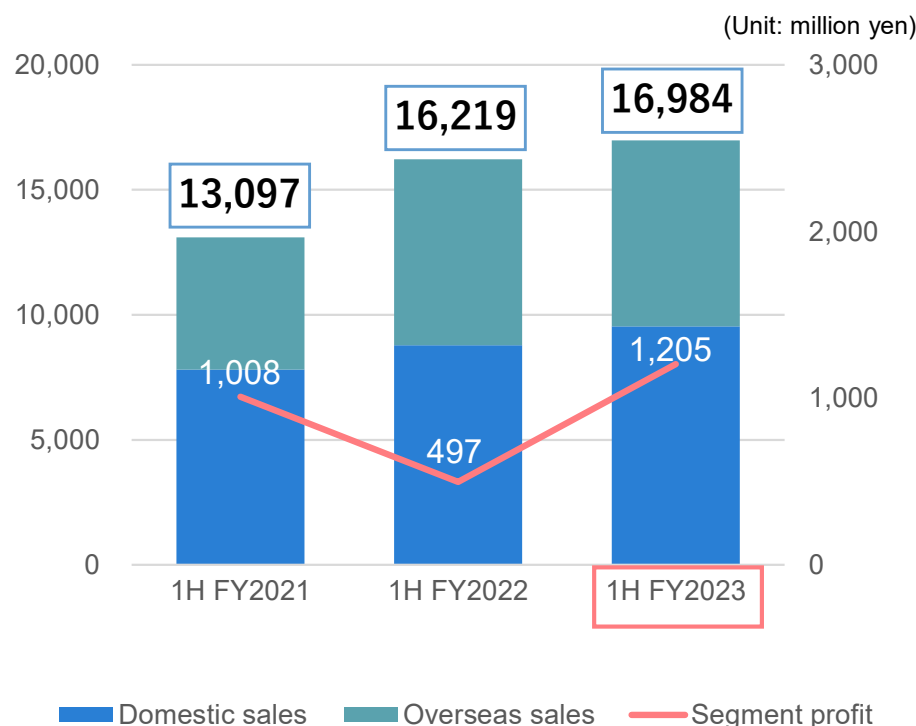
Daily Life & Healthcare



2. Segment overview

Actual results for the first half of the year ending March 2024

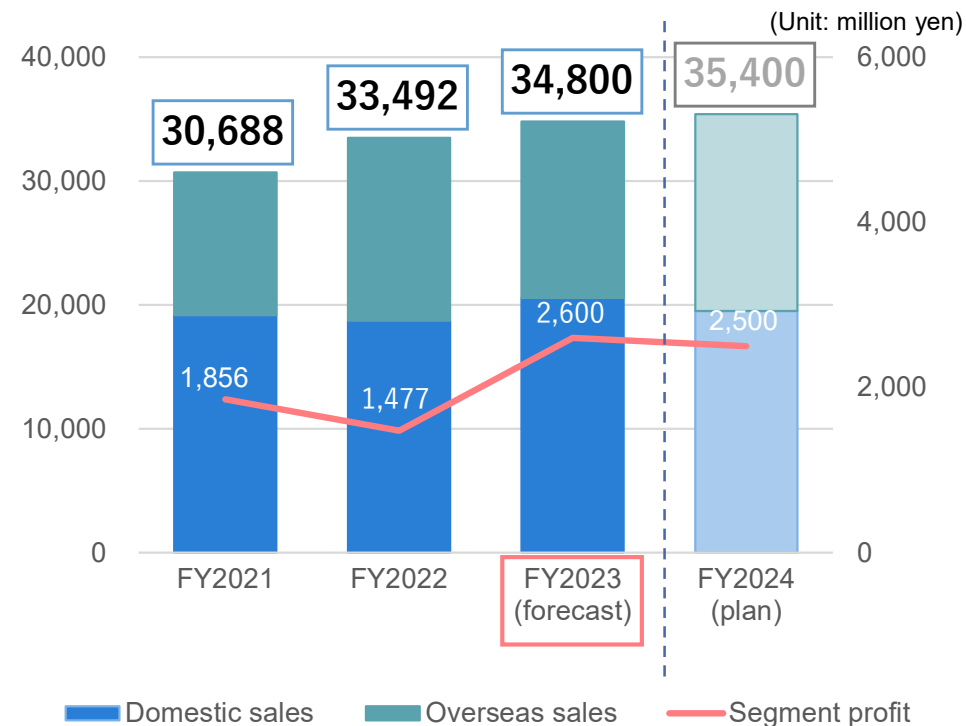
765 million yen revenue increase (+4.7%)
708 million yen profit increase (+142.6%)



- Domestic sales grew due to expanded sales of small roll wraps (food wrapping materials) driven by restaurant market recovery.
- Overseas sales decreased due to lower sales of PVC compounds in consumer goods markets in Thailand and North America.
- Segment profits increased due to the optimization of sales prices and increase in sales of small roll wraps.

Forecast for the fiscal year ending March 2024

1,308 million yen revenue increase (+3.9%)
1,123 million yen profit increase (+76.0%)



- Domestic sales increase due to expanded sales of food wrapping materials despite the impact of sluggish sales of compounds in consumer goods markets.
- Overseas sales decrease due to sluggish sales of compounds in consumer goods markets in Thailand.
- Segment profits increase due to the optimization of sales prices and increase in sales of food wrapping materials driven by restaurant market recovery.

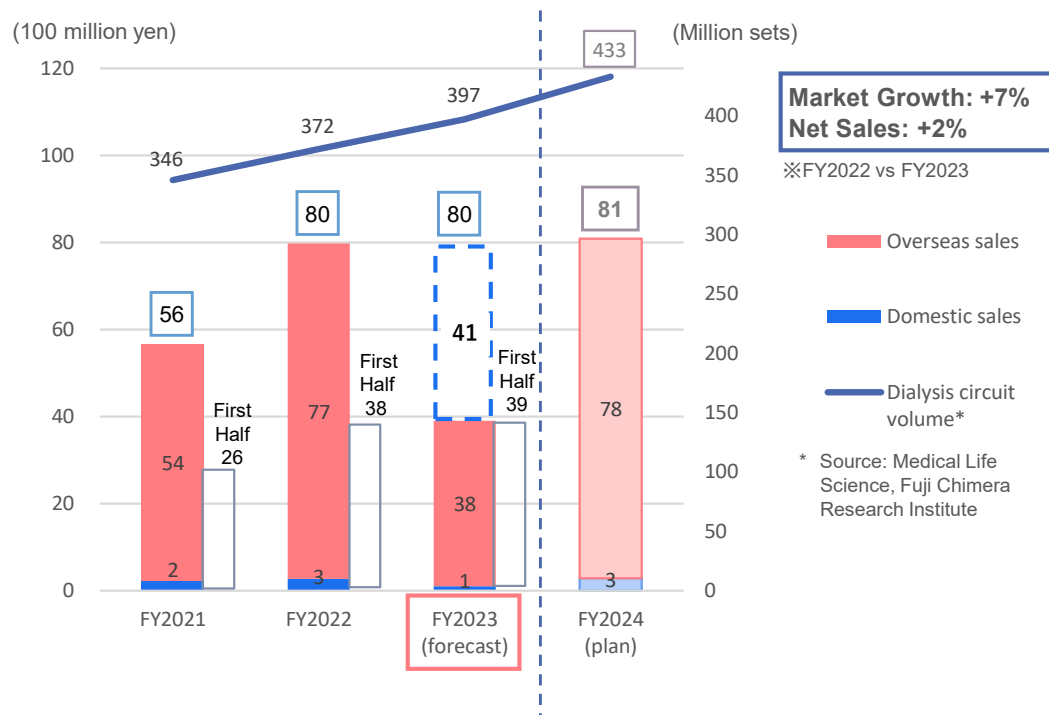
Daily Life & Healthcare



2. Segment overview

Focus Area ① Medical (PVC)

Global dialysis circuit sales volumes and our sales of medical PVC compounds



Actual results for the first half of the year ending March 2024

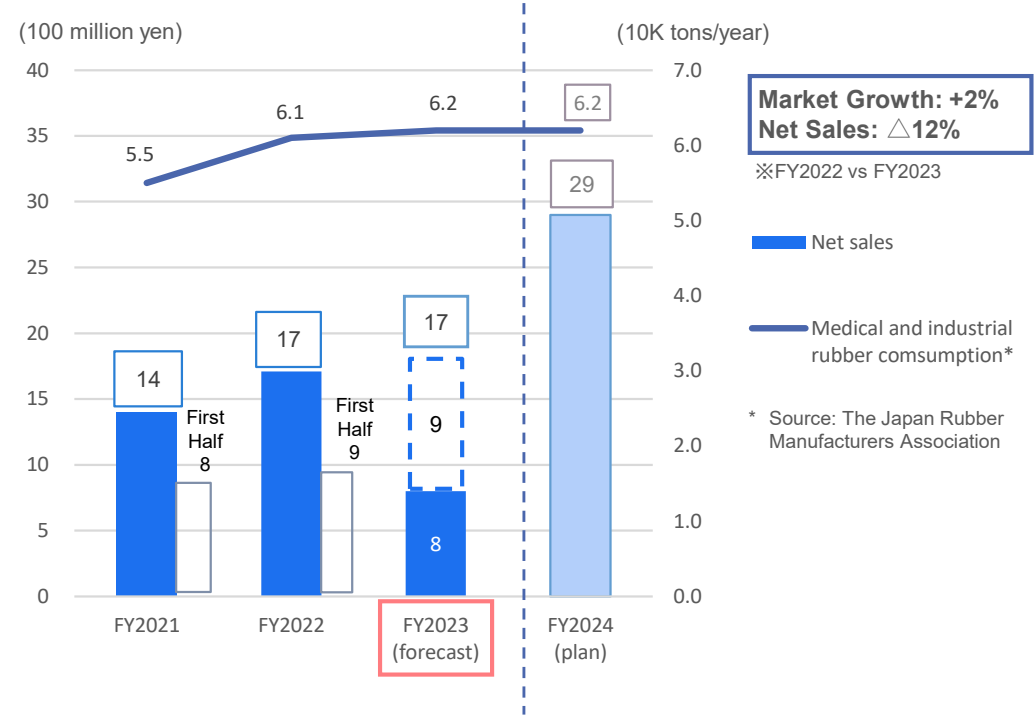
- Sales grew due to stronger sales of medical PVC compounds in ASEAN.

Measures for the second half of the year ending March 2024

- Boosting sales for Japanese customers make net sales maintained despite decline in selling prices due to lower raw material prices.
- Deploy marketing activities to develop new non-Japanese customers and boost sales.

Focus Area ② Rubber Substitutes

Domestic medical rubber production and our sales of rubber substitute compounds



Actual results for the first half of the year ending March 2024

- Domestic sales decrease due to lower sales of elastomer compounds for medical, consumer goods and industrial materials.

Measures for the second half of the year ending March 2024

- Boost domestic sales of elastomer compounds for medical, consumer goods, and industrial material.
- Overseas, continuing marketing activities to cultivate new sales of elastomer in consumer goods markets.

Electronics



**Electric Power and
Industrial Wires**



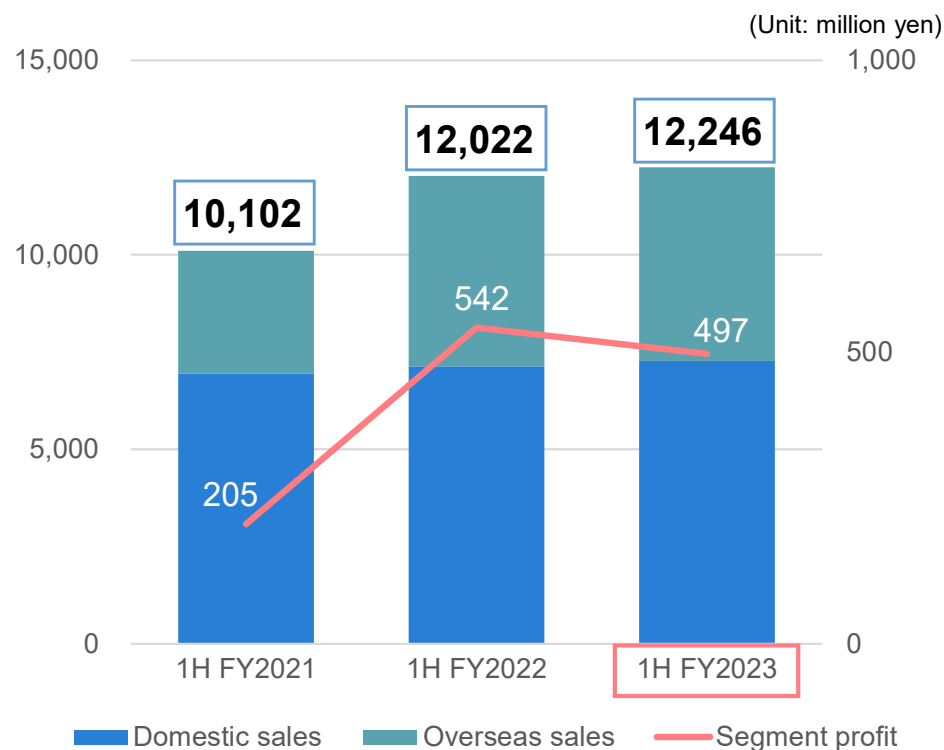
Telecommunications



Optical Films

Actual results for the first half of the year ending March 2024

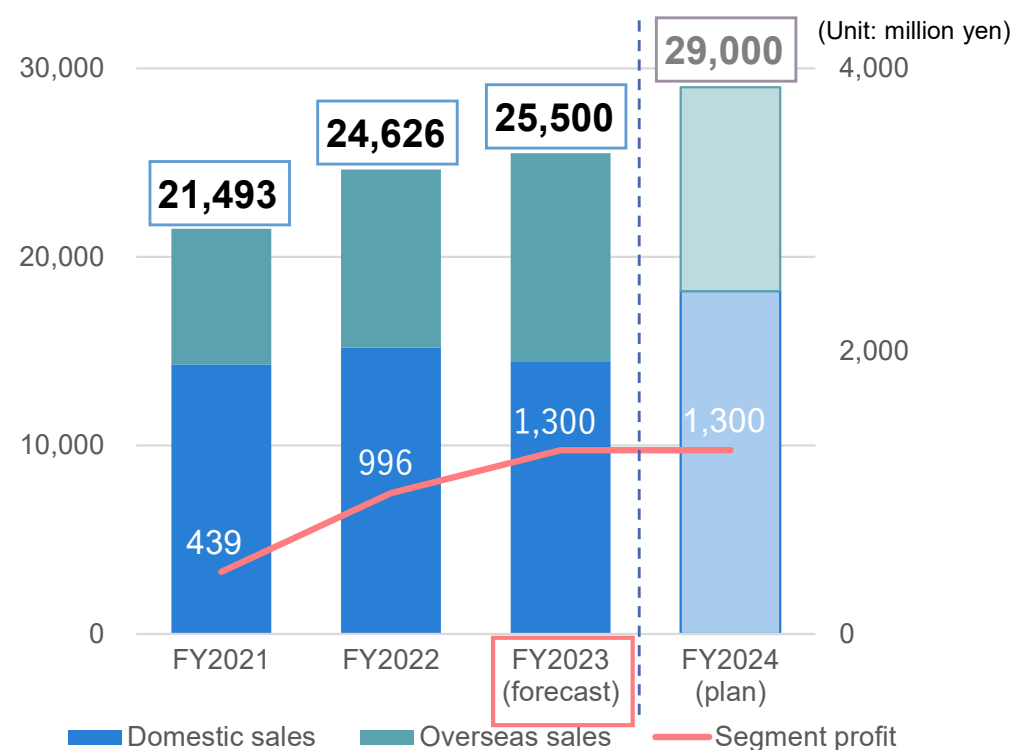
224 million yen revenue increase (+1.9%)
45 million yen profit decrease (Δ 8.3%)



- Domestic sales increased due to progress on new sales of functional film products, despite lower sales of PVC compounds in the downturn market.
- Overseas sales decreased due to lower sales in North America and China.
- Segment profits fell due to lower sales in North America and China.

Forecast for the fiscal year ending March 2024

874 million yen revenue increase (+3.5%)
304 million yen profit increase (+30.5%)



- Domestic sales decline due to a slight downturn in the electric power, industrial wires and telecommunications markets.
- Overseas sales increase due to progress on sales of PVC compounds.
- Segment profits increase due to higher sales in overseas and expanding export of EV charging cable materials.

Electronics

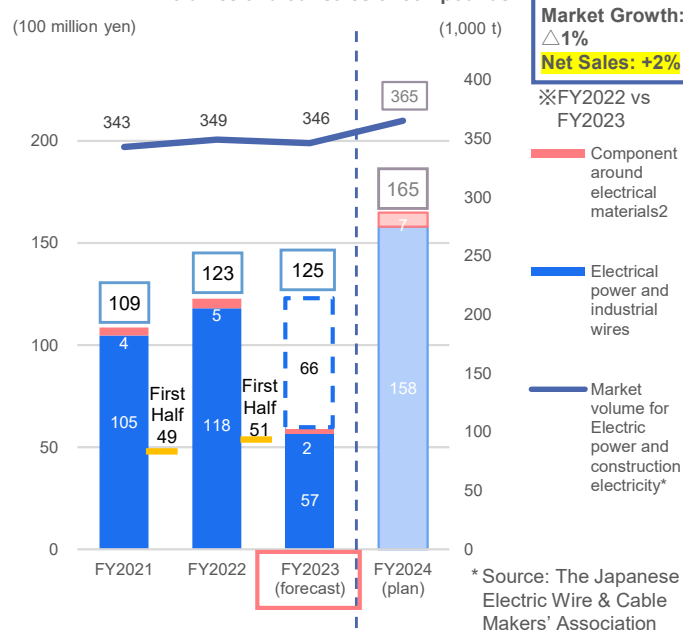


ELECTRONICS

2. Segment overview

Focus Area ① Electric Power and Industrial Wires

Domestic electric power and construction electricity market wire copper volumes and our sales of compounds



Actual results for the first half of the year ending March 2024

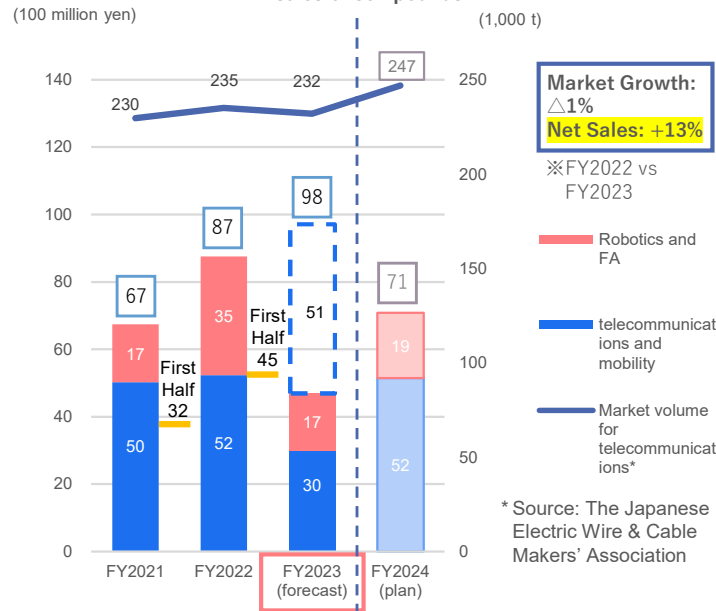
- Expanded domestic sales by switching materials from competitors and in-house products of customers to our compounds.
- Expanded sales of electric power wires in Indonesia.
- Launched sales of electric power and industrial wires for non-Japanese makers in China.

Measures for the second half of the year ending March 2024

- Boost domestic sales for the electric power, construction, and electronics sectors.
- Boost overseas sales of electric power and industrial wires in ASEAN, especially Indonesia and Thailand.

Focus Area ② Telecommunications

Domestic telecommunications market wire copper volumes and our sales of compounds



Actual results for the first half of the year ending March 2024

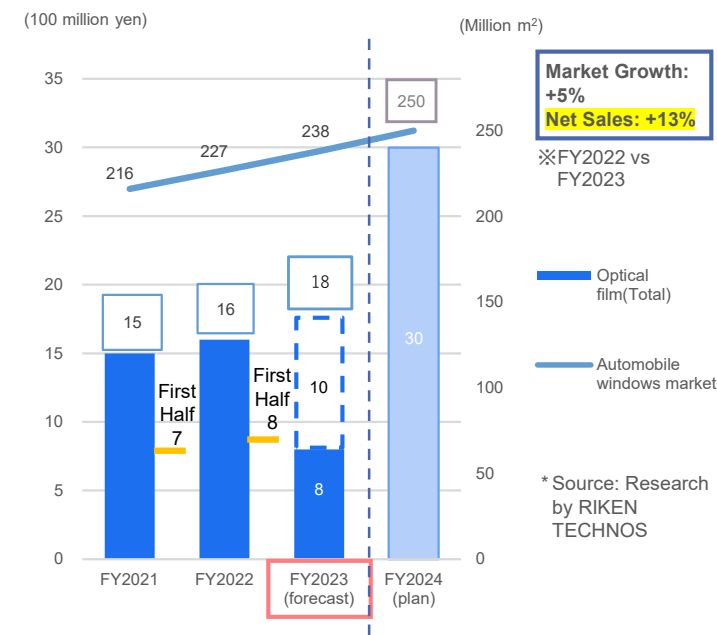
- Compounds for EV charging cables for overseas market were adopted by customers and launched mass production.
- FFC market research for EV batteries.
- Sales promotion of robotic factory automation cable for non-Japanese customers in China.

Measures for the second half of the year ending March 2024

- Launch of FFC materials for EV charging batteries.
- Boost sales of compounds for robotic factory automation cable for non-Japanese customers in China.

Focus Area ③ Optical films

Automotive glass substitute film demand and our sales of optical films



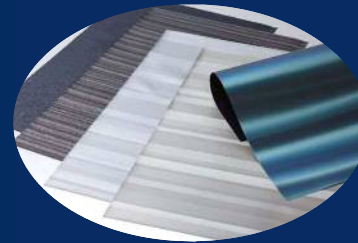
Actual results for the first half of the year ending March 2024

- Sales of semiconductor use increased slightly due to increased adoption by customers.
- Sales of automotive thermal barrier films were flat due to decline in sales to Indonesia.

Measures for the second half of the year ending March 2024

- Launch sales of functional films of semiconductor use which is in development stage for China and South Korea.
- Expansion of sales network and countries for automotive thermal barrier films.

Building & Construction



Construction Films



Housing and Building
Materials

Building & Construction

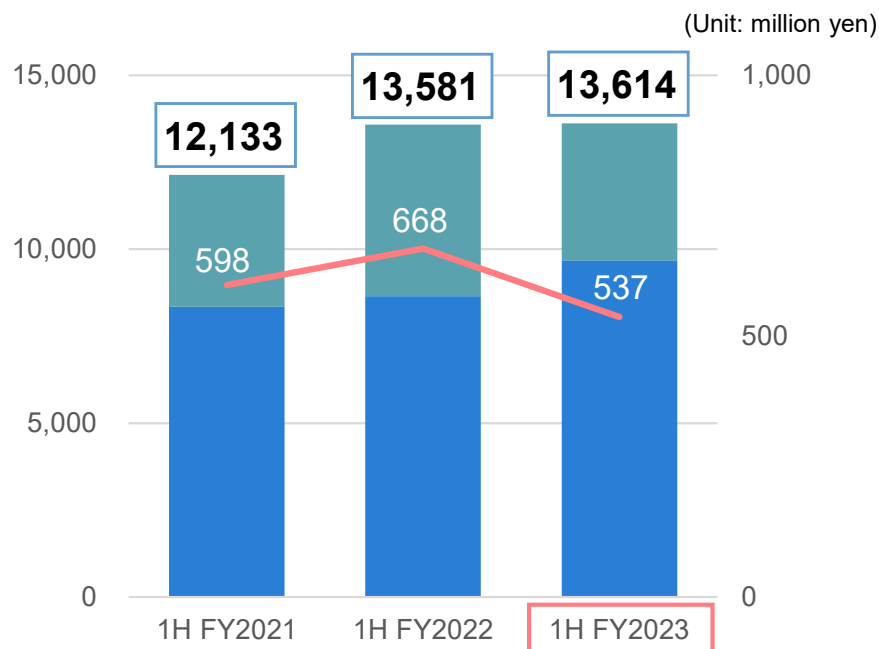


BUILDING
& CONSTRUCTION

2. Segment overview

Actual results for the
first half of the year
ending March 2024

33 million yen revenue increase (+0.2%)
131 million yen profit decrease (△19.5%)

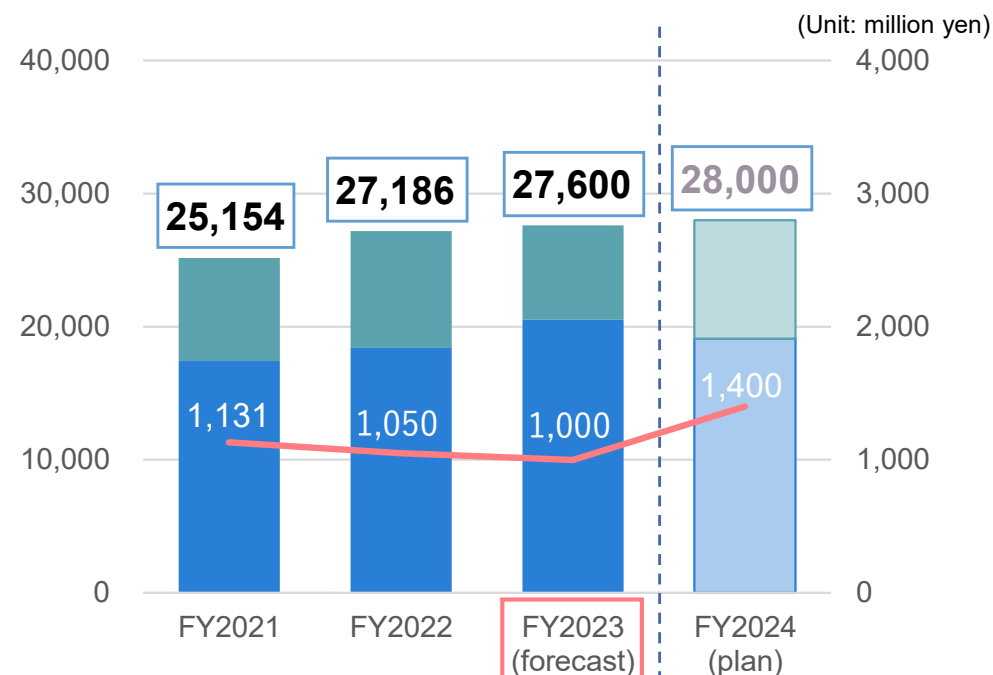


Domestic sales Overseas sales Segment profit

- Domestic sales increased thanks to stronger sales of films for the non-residential market and PVC compounds for the residential market.
- Overseas sales decreased due to lower sales of PVC compounds to the residential and construction markets in the U.S. and Thailand.
- Segment profits decreased due to lower sales of compounds, mainly in the U.S..

Forecast for the fiscal
year ending March
2024

414 million yen revenue increase (+1.5%)
50 million yen profit decrease (△4.8%)



Domestic sales Overseas sales Segment profit

- Domestic sales increase on a full-year basis, despite demand for compounds for PVC windows calms down.
- Overseas sales decline due to sluggish housing markets, especially in the U.S..
- Segment profits decline due to lower overseas sales.

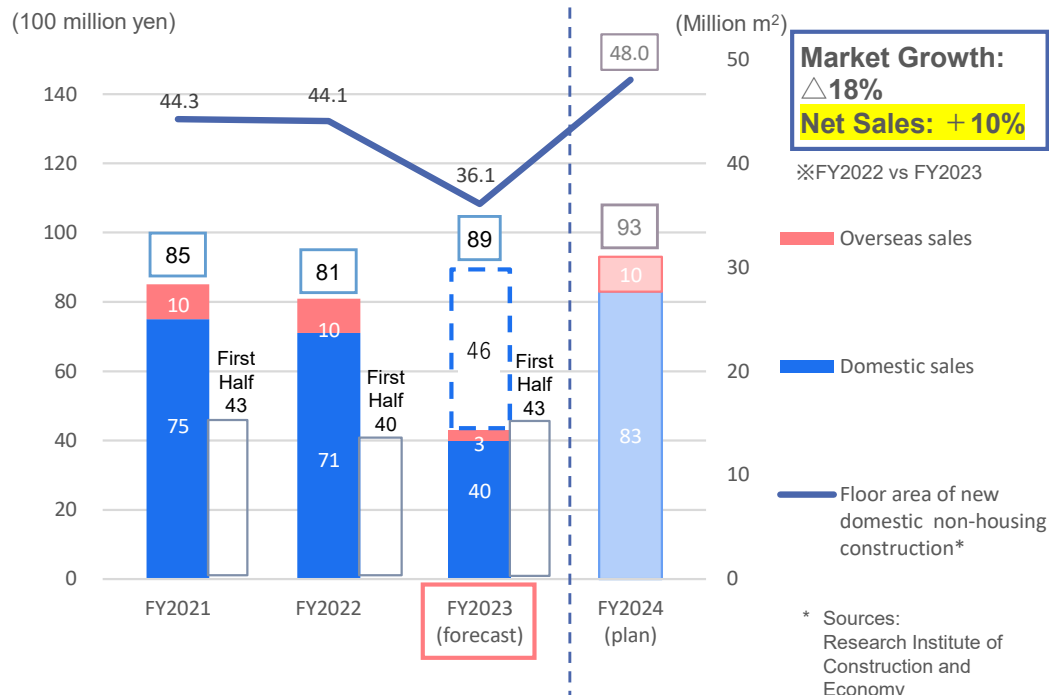
Building & Construction



2. Segment overview

Focus Area ① Construction Film

Floor area of new domestic non-housing construction and our sales of construction films



Actual results for the first half of the year ending March 2024

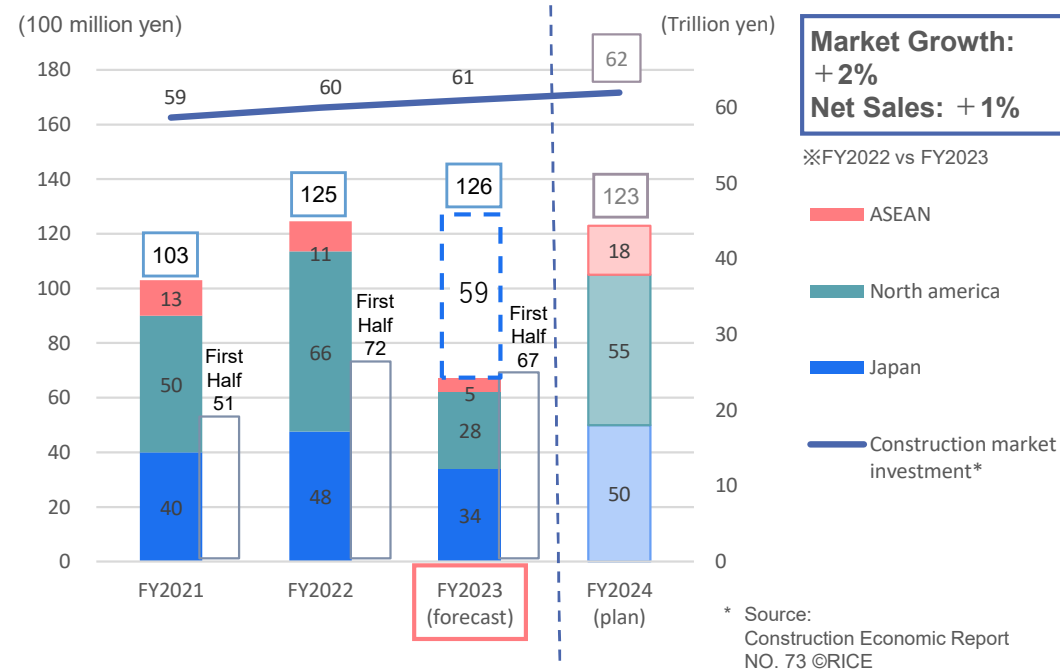
- Domestic sales increased due to stronger sales at major customers.
- Overseas sales decreased due to deteriorating market conditions, mainly in North America.

Measures for the second half of the year ending March 2024

- Introducing new design construction film to the market and expanding adoption by customers in Japan.
- Promote overseas expansion of films with excellent printing characteristics.

Focus Area ② Housing and Building Materials

Construction market investment and our sales of compounds for housing and building materials



Actual results for the first half of the year ending March 2024

- Domestic sales increased thanks to increased sales of PVC compounds for window frames attributable to the Japanese government's campaign to promote energy conservation in homes in 2023.
- Overseas sales decreased due to the lower progress in sales expansion of compounds to the residential and construction markets in ASEAN and North America.

Measures for the second half of the year ending March 2024

- Capture of increased sales of PVC compounds for window frames through campaign to promote energy conservation in homes that has been budgeted for the next year.
- Uncovering potential demand and expanding sales of PVC compounds in ASEAN and North America.



3. Medium- and Long-Term Initiatives

1. Overview of Financial Results

2. Segment Overview

3. Medium- and Long-Term Initiatives

Medium- to Long-Term Vision

3. Medium- and Long-Term Initiatives

- The long-term vision is based on the RIKEN TECHNOS Group mission.
- The new Medium-term Business Plan was launched in FY2022 to achieve the long-term vision.

RIKEN TECHNOS' strengths
and business model

- The capacity to meet the needs of leading global customers
- Strong technical capabilities
 - Formulation design technology
 - Kneading technology
 - Film manufacturing and processing technology

RIKEN TECHNOS' (medium- to long-term) business environment

Plastic reduction movement
Growing environmental awareness

Digitalization trend

Progress with EVs

Shrinking domestic market

Growth in Asia

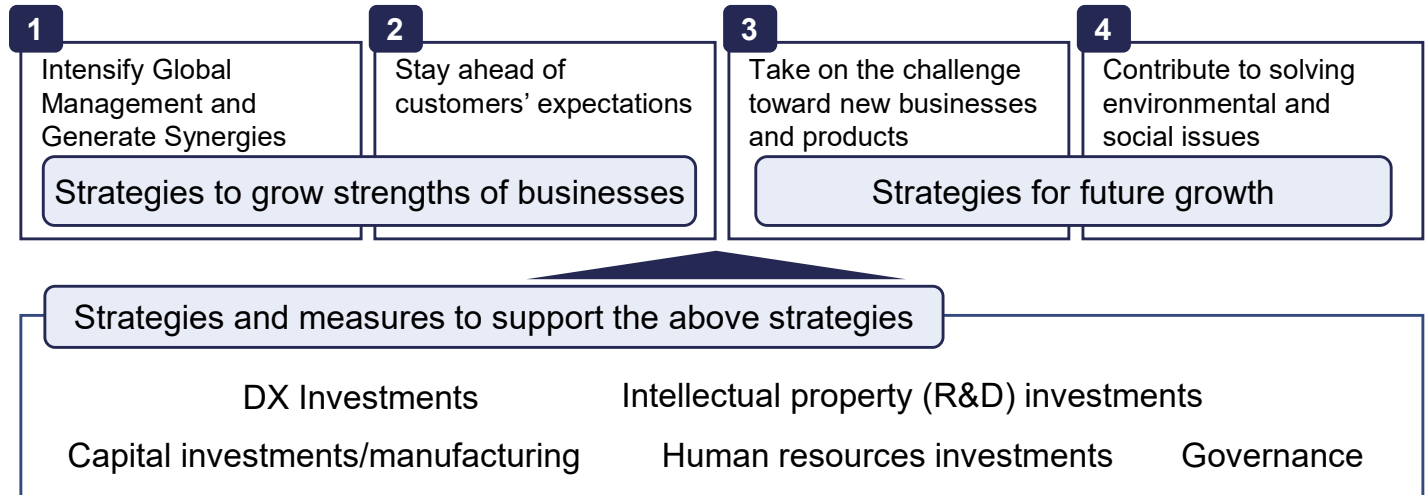
Mission (reason for existence)

We are a challenger that harnesses the power of science to improve the quality of life and create a safe, affluent society.
We continuously provide new value and satisfaction to people, companies and society through our original and superior formulations and manufacturing technologies of multiple resins.

Long-term vision

Aiming to become the leading provider of comfort for all living spaces

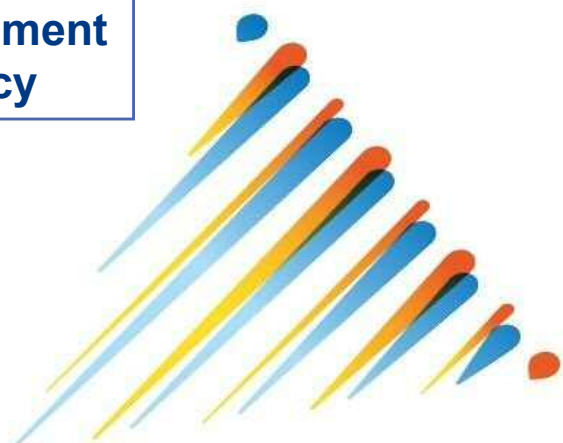
Basic strategies of the Medium-term Business Plan



Three-year Medium-term Business Plan

3. Medium- and Long-Term Initiatives

Management Policy



Challenge Now for Change New 2024

Challenge for Innovation

Aiming to become the leading provider of comfort for all living spaces

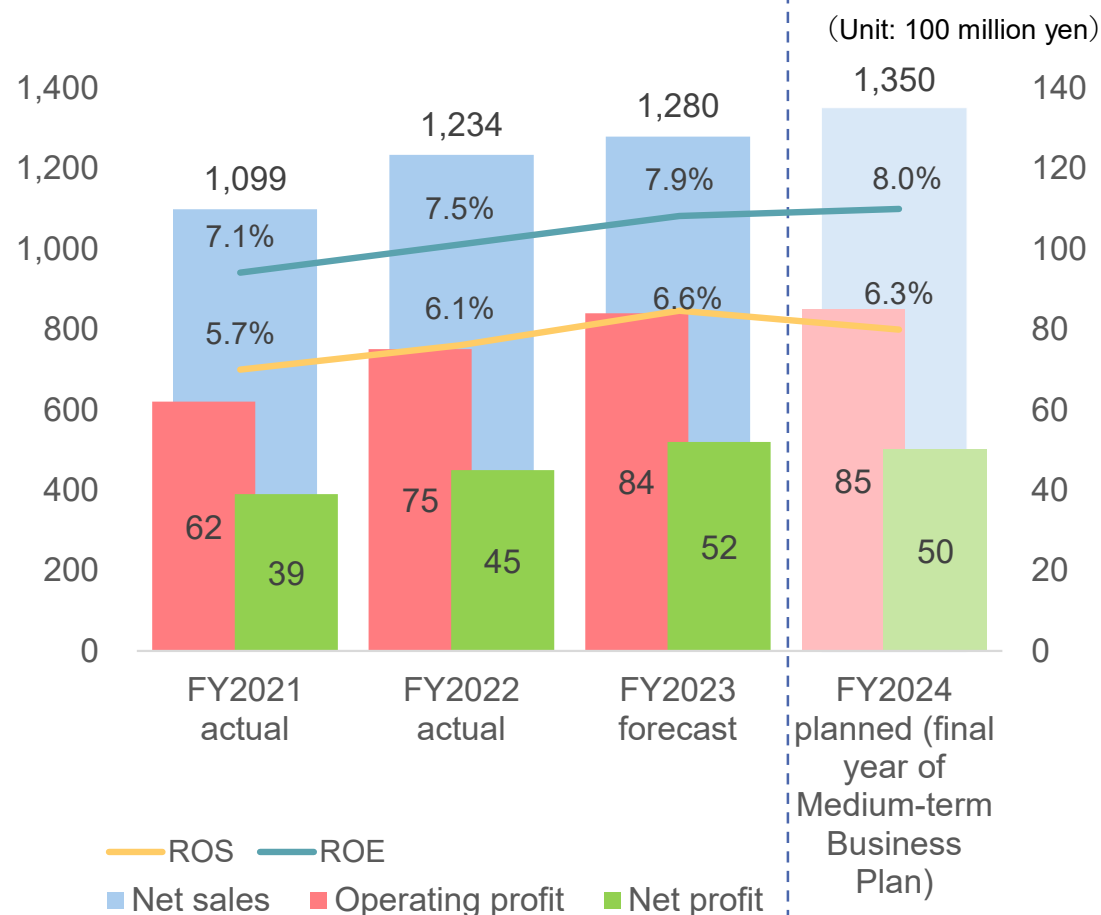
Four Strategies

Intensify Global Management and Generate Synergies

Stay ahead of customers' expectations

Take on the challenge toward new businesses and products

Contribute to solving environmental and social issues



※Assumptions for Formulating the Medium-Term Management Plan
Plan for fiscal year ending March 2025

Naphtha price: 61,000 yen/KL Exchange rate: 114 yen/USD

Three-year Medium-term Business Plan

(Results for the first half of the year ending March 2024)

| 3. Medium- and Long-Term Initiatives

Strategy1: Intensify global management and generate synergies

- Boost sales of new customers and regions in ASEAN
- Planning of procurement strategies in China and ASEAN led by the Global Procurement Dpt.
- Completed construction of new factory and began operation at new line in Thailand
- Made decision to expand new elastomer line in Mie Factory in Japan
- Appointment of regional executive officers in the U.S. and ASEAN

Strategy3: Take on the challenge toward new businesses and products

- Promote the exploration of themes through Start-up Office for New Business Development
- Promote industry-academia and industry-industry partnerships (Currently collaborating with four research institutions)
- Develop new markets for functional materials / functional films
- Extracting and proposing new product development themes based on IP landscape

Strategy2: Stay ahead of customers' expectations

- Began introduction of SFA/CRM
- Training of materials-informatics(MI) human resources and began full-scale operation of MI in the R&D division
- Completed next-generation manufacturing pilot-line of rubber-substitute TPV compound
- Strengthen formulation technology by integrating compound and film development

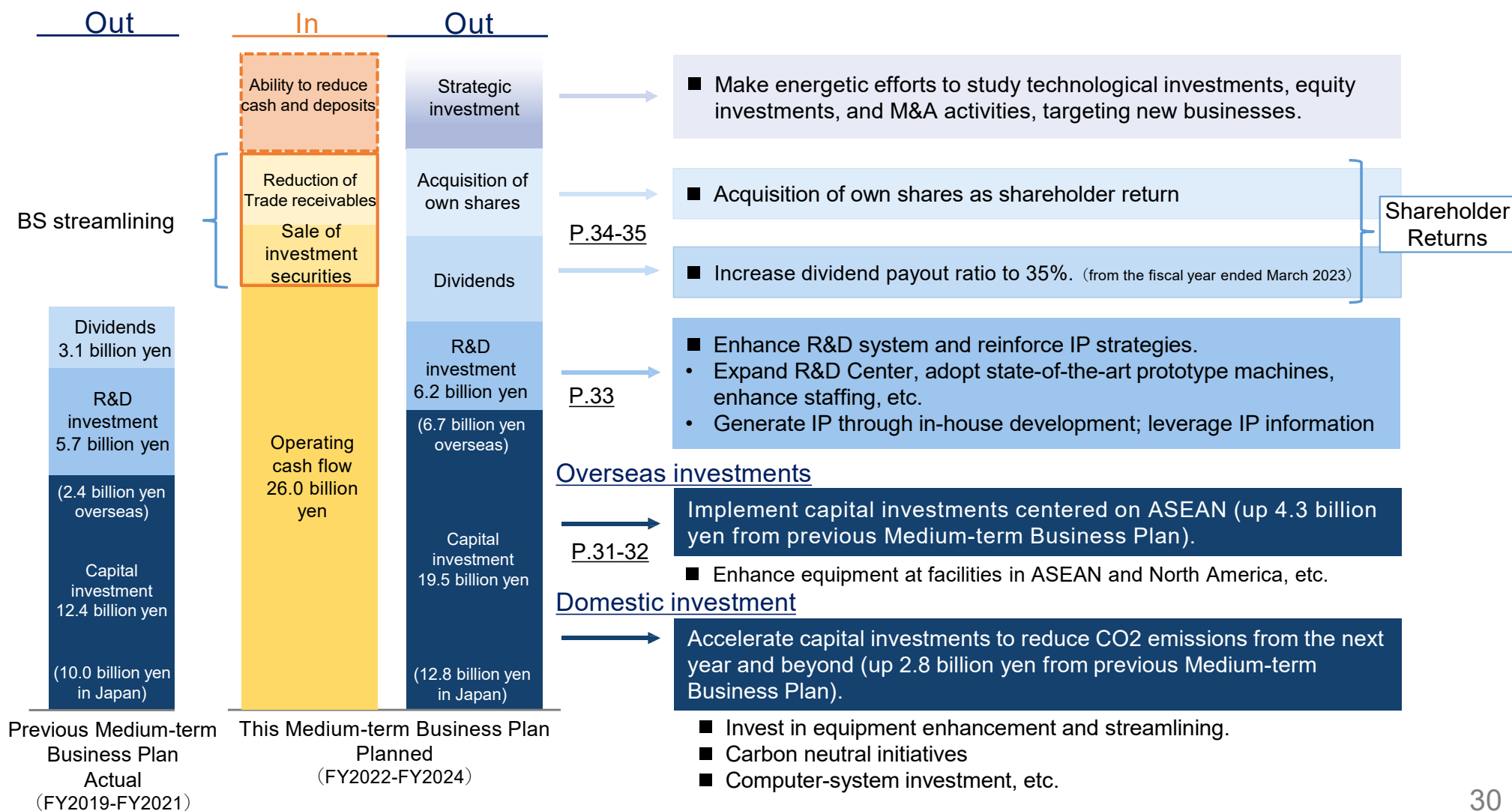
Strategy4: Contribute to solving environmental and social issues

- Identify materiality topics and KPIs
- Develop and expand sales of environmentally-friendly products:
 - ▷ Expansion of RIKEBIO ® series
 - ▷ Development of modification materials for recycled rigid PVC
- Establishment of the Women's Empowerment Promotion Project
- Formulation of RIKEN TECHNOS Group Human Rights Policy

Financial Strategies Under the Medium-term Business Plan

3. Medium- and Long-Term Initiatives

- Achieve a balanced cash allocation with shareholder returns centered on growth investments
- Strengthen portfolio management and concentrate management resources on priority markets



Investment (results and forecasts)

| 3. Medium- and Long-Term Initiatives

**Three-year Medium-term Business Plan:
19.5 billion yen**

Capital and System investment

(Unit: 100 million yen)

(Unit: 100 million yen)	Major Projects	Total amount			Overseas ratio	Depreciation
			Domestic	Overseas		
FY2022 results	Expansion of facilities in ASEAN countries Reinforcement of facilities in Japan Domestic and overseas investment in streamlining	47	33	14	30%	31
FY2023 forecasts	Expansion of facilities in ASEAN and the US Expansion and reinforcement of facilities in Japan Domestic and overseas carbon neutral initiatives Domestic and overseas investment in streamlining Domestic and overseas IT systems investments	67	38	29	44%	35
FY2024 forecasts	Expansion of facilities in ASEAN and the US Expansion and reinforcement of facilities in Japan Domestic and overseas carbon neutral initiatives Domestic and overseas investment in streamlining Domestic and overseas IT systems investments	83	55	28	34%	36
Total		197	126	71	36%	102

Investments

3. Medium- and Long-Term Initiatives



RIKEN TECHNOS (Mie Factory) Thermoplastic elastomer compound Expansion of the production facilities

Decided to expand new lines in existing buildings

- Increase production capacity of elastomers, which are eco-friendly materials in various aspects compared to rubber

<Progress>

- ✓ 2023 Resolution to expand production facilities in July
- ✓ Scheduled start of operations in 3Q in 2025
- ✓ **Investment: Approximately 1.0 billion yen**



DX Investment

- ✓ Introduction of R&D data management system
- ✓ Renovation and integration of group ERP systems of U.S. subsidiaries
- ✓ **Investment: Approximately 0.5 billion yen**



Expanding PVC compound production facilities at RIKEN VIETNAM CO., LTD.

Constructing a new plant building, setting up a new production line, and expanding warehouse facilities

<Progress>

- ✓ Construction permit obtained in October 2023
- ✓ Scheduled to start operations in November 2024
- ✓ **Investment: Approximately 1.5 billion yen**



Expanding PVC compound production facilities at RIKEN ELASTOMERS CORPORATION

Adding a new line in the existing building

<Progress>

- ✓ Scheduled to start operations in December 2024
- ✓ **Investment: Approximately 1.5 billion yen**



Research and development results

New Product Development and Research Initiatives

- Developed modification material for recycled rigid PVC
 - Adding the modification material (compound) that we have developed improves the formability of recycled rigid PVC materials
- Expansion of Biomass Plastic RIKEBIO® series
 - Developed biomass-adhesive grades in TPE related RIKEBIO®
- Utilization of MI aimed at streamlining and increasing speed of prescription designs
 - Introduced e-learning to train researchers capable of practicing and guiding MI
(FY2024 Target: 9 internal MI specialists)
 - Actual operation in formulation design and development of compounds and films



Examples of Open Innovation Initiatives

- **Joint research with university**
 - University of Tokyo: Conducted joint research on a method for layering two-dimensional materials such as graphene using vinyl chloride film
 - Waseda University: Started joint research on useful metal recovery technology from waste metal compounds using chlorine-containing plastics



Shareholder Return (Acquisition of own shares)

| 3. Medium- and Long-Term Initiatives

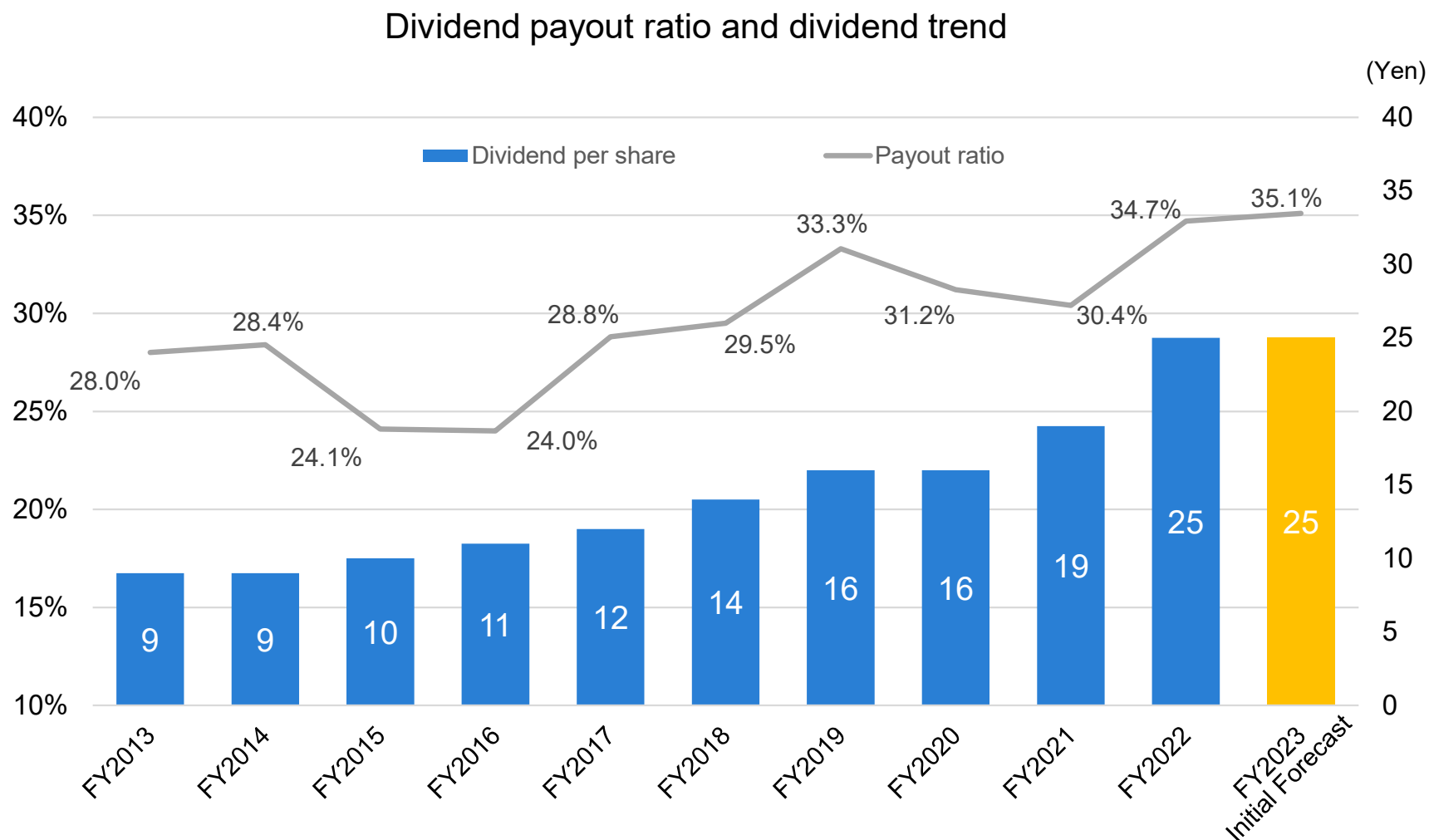
- The Company has resolved, at a meeting of the Board of Directors held on October 30, 2023, the matters concerning the acquisition of own shares, in order to exercise agile management of capital policy corresponding to any changes of business environment, improve capital efficiency and enhance shareholder returns.
- Details of matters related to acquisition
 - (1) Class of shares to be acquired Common shares
 - (2) Total number of shares to be acquired 8.5 million shares
(13.4% of the total number of issued shares (excluding treasury shares))
 - (3) Total amount of shares acquisition cost 7 billion yen
 - (4) Acquisition period November 10, 2023 to January 31, 2024
 - (5) Acquisition funds Allocate own funds

All acquired shares are planned to be cancelled

Shareholder Returns (Dividends)

| 3. Medium- and Long-Term Initiatives

- **Maintain a consolidated dividend payout ratio of around 35% which was raised in FY 2022**



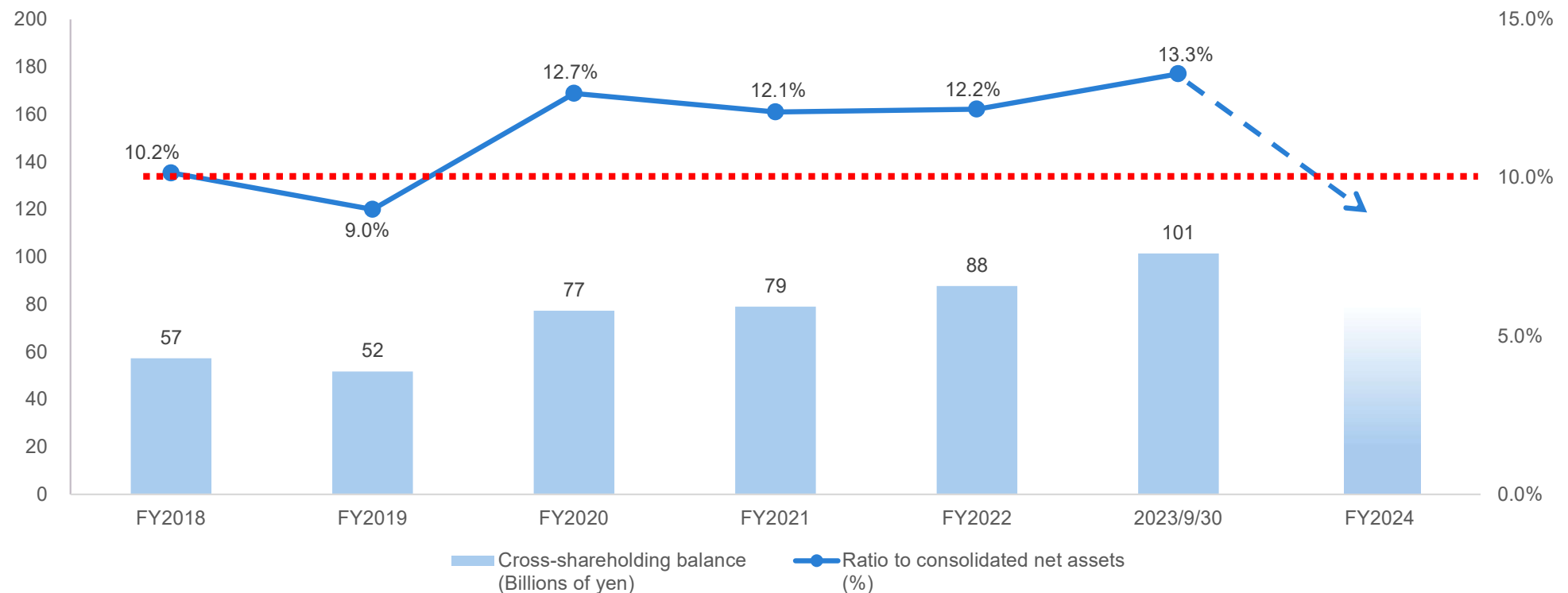
Reducing Cross-shareholdings

3. Medium- and Long-Term Initiatives

- **Determined policy to reduce the balance of cross-shareholdings to reach less than 10% of consolidated net assets**
- **Cash generated by reduction will be utilized for growth investment**

Changes in Cross-shareholdings

(Unit: Billions of yen)



Non-Financial Strategies

3. Medium- and Long-Term Initiatives

1	Enhancement of relationships with shareholders and investors (Accelerate proactive communication with shareholders and investors)	<ul style="list-style-type: none"> ■ Implement SR interviews <ul style="list-style-type: none"> • Implement proactive individual IR for participants in SR interviews. ■ Enhance means of dialogue with shareholders and investors <ul style="list-style-type: none"> • Published Blue Challenge Report (Integrated Report) • Include non-financial information in securities reports, business reports, etc. • Enhancing the communication of financial and non-financial information, including English-language disclosure
2	Strengthening HR strategies	<ul style="list-style-type: none"> ■ Implementing HR strategies based on succession planning <ul style="list-style-type: none"> • Recruitment, development, and reassignment of high-growth human resources • Establishment of the Women's Empowerment Promotion Project ■ Active investment in human capital <ul style="list-style-type: none"> • Examining the introduction of a share-based compensation plan for employees
3	Reexamination of compensation plan for officers	<ul style="list-style-type: none"> ■ Reviewing the details and weight of performance-linked indicators in the compensation plan for officers ■ Reviewing the introduction of a mid- to long-term performance-linked compensation and expand the use of stock-based compensation
4	Responding to Sustainability Issues	<ul style="list-style-type: none"> ■ Formulation of RIKEN TECHNOS Group Human Rights Policy ■ Implementation of various in-house training programs to raise employees' awareness of sustainability

Initiatives Related to Dialogue with Shareholders and Investors

| 3. Medium- and Long-Term Initiatives

- The content of the previously published sustainability report has been revised as the “Integrated Report”.
- Providing an overview of our group’s value creation aimed at sustainable corporate value growth, as well as related initiatives.
- Enhancing financial and non-financial information on topics such as management strategies and sustainability.



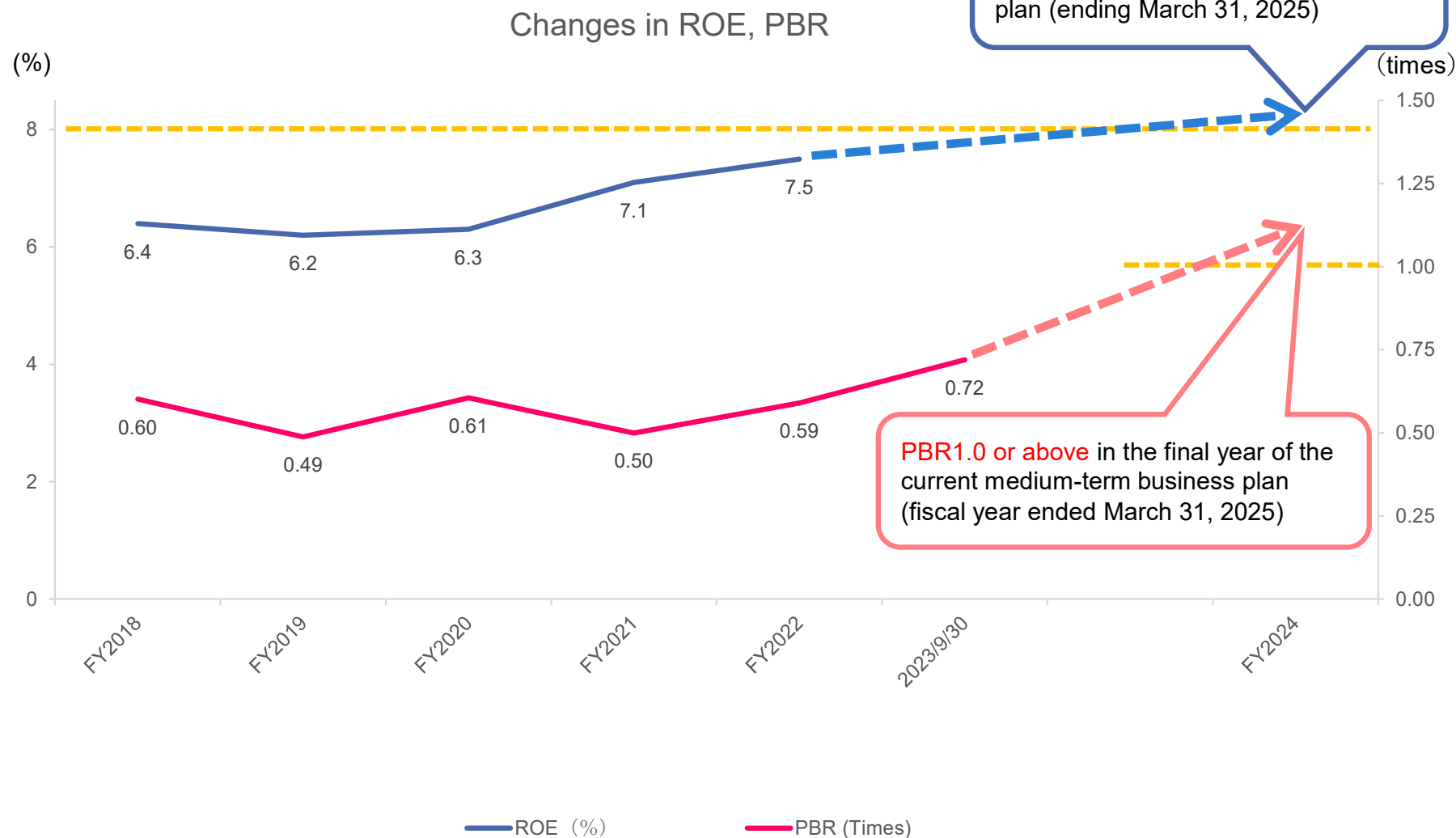
Added content

- Financial information
- Message from the CEO
- Message from the CFO
- Value creation process/our strengths
- Materiality topics, KPIs
- Messages from Outside Directors, etc.

Sustainable Growth and Enhancement of Corporate Value

3. Medium- and Long-Term Initiatives

- By steadily implementing each strategy, aim to achieve a ROE8.0%,
PBR1.0 time or above in FY2024



Disclaimer

Plans, projections, strategies, and other statements that are not historical facts presented in this document constitute forward-looking statements based on information available at the time of preparation and involve various risks and uncertainties. Actual results may differ significantly from these projections due to changes in the business environment and other factors.

Furthermore, information presented in this document concerning companies other than the Company or its group companies is based on publicly available information. The Company does not guarantee the accuracy of such information.

For inquiries, please contact:

webmaster@rikentechnos.co.jp

Corporate Planning Department/Accounting Department



Corporate Profile



Company Name	RIKEN TECHNOS CORPORATION
Date of Establishment	March 30, 1951
Capital Stock	8,514 million yen
Representative	Kazuaki Tokiwa Representative Director, President & CEO
Number of Employees	1,914 consolidated employees and 797 non-consolidated employees (As of September 30, 2023)
Head Office	Waterras Tower, 2-101, Kanda-Awajicho, Chiyoda-ku, Tokyo 101-8336 JAPAN



Management Philosophy: The RIKEN TECHNOS Way

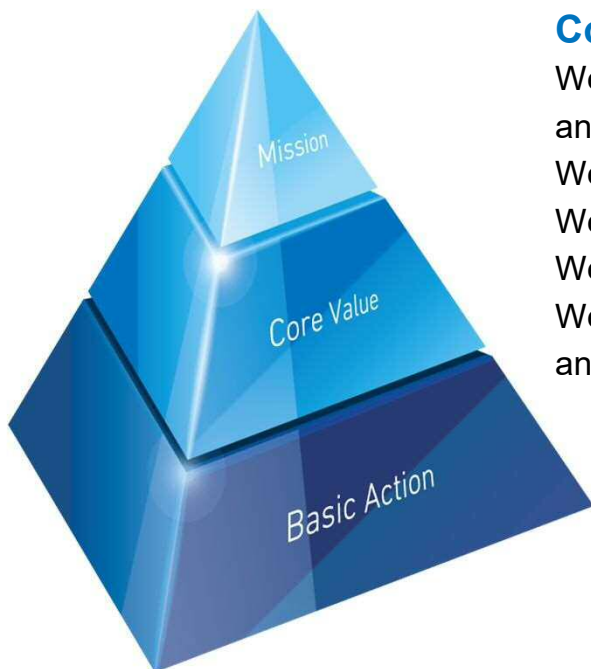
The spirit of venture, which has been passed down since our founding days, represents the very strength of RIKEN TECHNOS CORPORATION and its “RIKEN TECHNOS-ness.” The RIKEN TECHNOS Way, our corporate philosophy, was formulated based on this “RIKEN TECHNOS-ness.”

The word “challenger” used in our mission statement is meant to convey two meanings – a manufacturer that produces high-quality products and an organization that takes on challenges to create new value and satisfaction for people, companies, and society. To make further advances into the future, we will continue taking on new challenges.

Mission “Mission and Purpose”

We are a challenger that harnesses the power of science to improve the quality of life and create a safe, affluent society.

We continuously provide new value and satisfaction to people, companies and society through our original and superior formulations and manufacturing technologies of multiple resins.



Core Value “Fundamental Values”

We establish a bond of trust
and work for the mutual benefit all.

We create new value.

We continually push ourselves to achieve more.

We enjoy our work and love what we do.

We work together to find solutions
and produce the best results for everyone.

Basic Action “Specific Action Guidelines”

Lead without fear.

Take charge and enjoy your work.

Build a team by trusting and helping one other.

Listen attentively and speak sincerely.

Come with smile and leave with smile.

Stay ahead of customers' expectations.

Seek new things and ways.

Be a real professional through self-improvement.

Set goals and achieve on time.





Business Areas

Based on our three main product lines—compounds, films, and food packaging, all grounded in extensive technologies related to compound resin processing—we supply products to a wide range of industries and engage in business in Japan and around the world essential to various applications.

Major products	Overview	Segments			
		Transportation	Daily Life & Healthcare	Electronics	Building & Construction
Compounds	Compounds are composite materials with new properties created by mixing several different additives with a base resin. They are used primarily for extrusion molding and injection molding. We develop, manufacture, and sell polyvinyl chloride resins as well as thermoplastic elastomers and functional compounds.				
Films	We manufacture high-quality films using manufacturing methods adapted to the characteristics of the compounded resin. We also develop, manufacture, and sell film products that contribute to design freedom and functionality by layering multiple films and applying functional coatings to surfaces.				
Food Packaging	As a pioneer that developed Japan's first polyvinyl chloride resin wrap, RIKEN TECHNOS pursues high-quality and functional wraps for food packaging for household and commercial applications and develops, manufactures, and sells wraps suitable for foods, automated packaging machines, and so on.				

Contributing to The Environment Through Our Businesses

- We will help protect the environment by boosting sales of products aimed at energy conservation, resource conservation, and recycling into our traditional PVC and elastomer businesses.

Resin	Properties	Examples of environmental contributions made through our products	
PVC	<p>About 60% of PVC comes from the natural material of salt.</p> <ul style="list-style-type: none"> • Conserves resources through durability that enables long-term use. • Consumes less than one-half* the energy resources of other resins consisting mainly of hydrocarbons from petroleum (e.g., polyethylene and polypropylene). <p>* Polyethylene and polypropylene: 45.6-46.5 MJ/kg PVC: 21.3 MJ/kg</p>	<p>PVC resin interior window sashes</p> <p>① Energy conservation ② Recycling</p>  <p>CO₂ reduction effect vs. aluminum sashes: Approx. 40%**</p> <p>Under the zero-emission home (ZEH) initiative promoted by the Ministry of Economy, Trade and Industry and the Ministry of the Environment, use of resin sashes is advancing as part of efforts to improve the thermal insulation efficiency of existing home windows. Strong demand is expected to continue.</p>	<p>Industrial wires and cables</p> <p>① Durable materials ② Control of chemical substances</p>  <p>Highly durable PVC is used in industrial wires and cables and other products intended for long-term use. We control chemical substances by designing formulations that meet the legal standards of individual countries.</p>
Elastomers	<p>In various ways, elastomer materials are more eco-friendly than rubber.</p> <ul style="list-style-type: none"> • They help reduce CO₂ emissions during manufacturing processes by shortening mold cycle times. • Their low specific gravity helps reduce vehicle weights and fuel consumption. • They are recyclable. 	<p>Highly oil-resistant TPV ACTYMER®K offers features equivalent to those of oil-resistant rubber.</p>  <p>We expect the continuation of trends toward material changes intended to reduce vehicle weight and fuel consumption and toward use of rubber substitutes.</p>	<p>TPV ACTYMER®G is a substitute for vulcanized rubber, and has outstanding rubberlike features.</p> 

* Source: Vinyl Environmental Council website ** Source: Resin Sash Industry Association

Global Network

- Production Companies
- Sales Companies

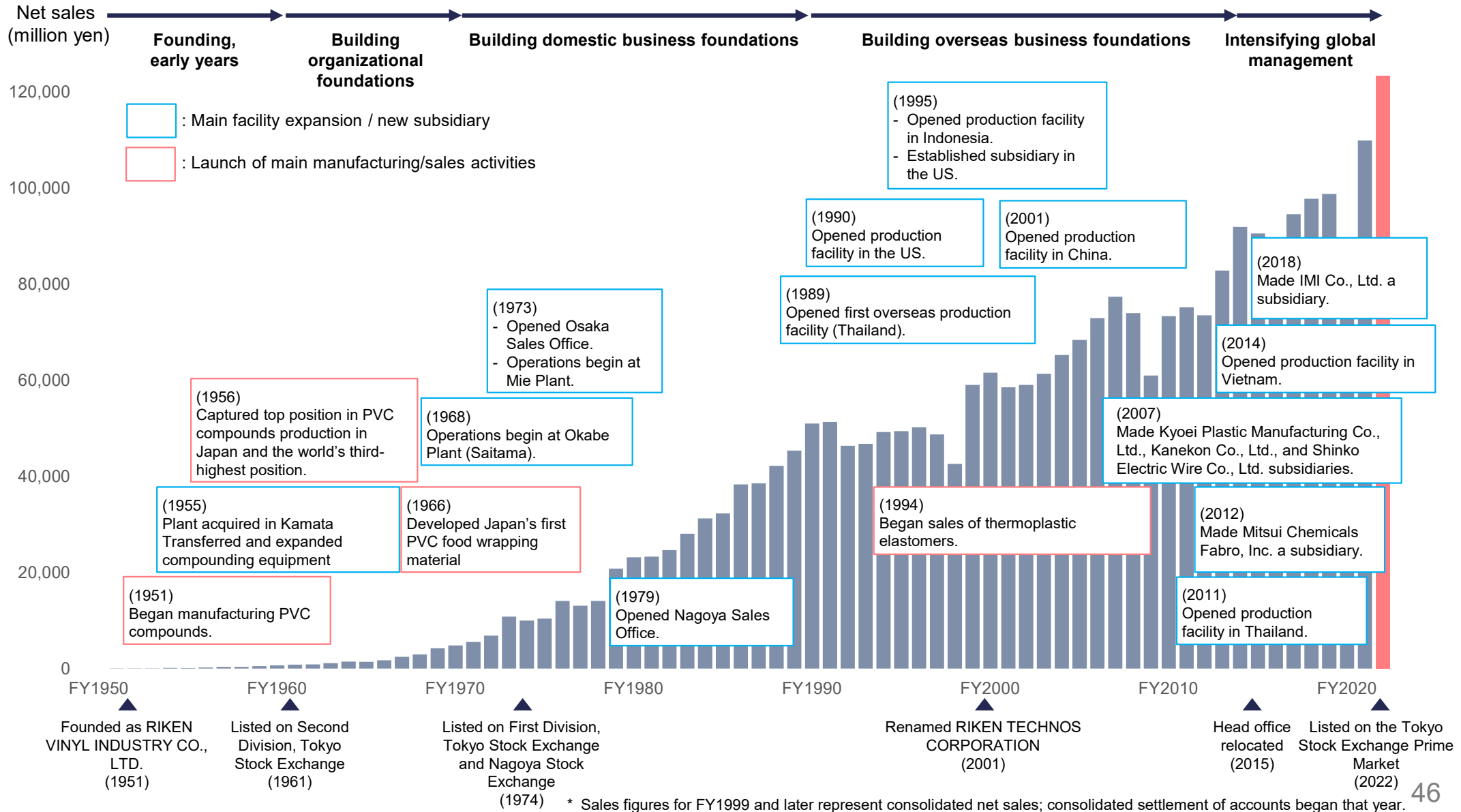
- **RIKEN TECHNOS CORPORATION**
- **Domestic subsidiaries**

- RIKEN CABLE TECHNOLOGY CO., LTD.
- RIKEN CHEMICAL PRODUCTS CO., LTD.
- KYOEI PLASTIC MFG CO., LTD.
- IMI Co., LTD.



Value Creation History

➤ Since our founding in 1951, we have continued to broaden our range of products while expanding our network across Japan and around the world.



Measures to realize management that is conscious of the cost of capital and stock price

<Financial Strategy>

- Strengthen shareholder returns (share buybacks and dividends)
- Reduction of strategic stockholdings

<Growth Strategy>

- Completion of Three-Year Medium-term Business Plan
「Challenge Now for Change New 2024」
- Expansion of investment for growth

<Non-Financial Strategy>

- Enhancement of IR and SR
- Strengthen HR strategy
- Reexamination of compensation plan for officers

Aiming to increase corporate value through initiatives linked to Three-Year Medium-term Business Plan

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Timely disclosure on Oct. 30



October 30, 2023

Company name RIKEN TECHNOS CORPORATION
Representative Kazuaki Tokiwa, Representative Director, President & CEO
(Securities Code: 4220, TSE Prime)
Inquiries Junji Irie, Representative Director, Senior Managing Executive Officer, Senior General Manager, Administrative Division
(TEL: +81-3-5297-1650)

Notice regarding Action to Implement Management that is Conscious of Cost of Capital and Stock Price

RIKEN TECHNOS CORPORATION (the "Company") hereby announces that it has made a resolution at a meeting of the Board of Directors held today, in accordance with the request from Tokyo Stock Exchange regarding the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," for the analysis and assessment of the current situation, policies and targets for improvement, and specific initiatives as follows.

1. Analysis and Assessment of the Current Situation

Our Group has formulated the long-term vision "Aiming to become the leading provider of comfort for all living spaces," and has undertaken specific initiatives to achieve management indicators set forth in the current Three-year Medium-term Business Plan (FY2022-FY2024) "Challenge Now for Change New 2024". In the first fiscal year of FY2022, both consolidated net sales and all profit measures set all-time highs, and in the second fiscal year of FY2023, we have seen outstanding performance that exceeds our expectations in the second quarter.

In such an environment, while our ROE (return on equity) has steadily improved, PBR (price book-value ratio) has been constantly below 1x because the stock price did not increase for the increase of BPS (book-value per share). This is considered to be caused by the fact that, even though our ROE has increased to 7.5% in the latest FY2022, due to the increase of equity capital, the Company has not achieved profitability that exceeds its cost of equity, and that shareholders and investors are not seeing enough growth potential of the Company.